

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-----------------------------------|---|---------------------|
| EAST CLARK COUNTY WATER DISTRICT |) | |
| |) | |
| COMPLAINANT |) | |
| |) | |
| v. |) | CASE NO. 2005-00322 |
| |) | |
| CITY OF WINCHESTER, ACTING BY AND |) | |
| THROUGH WINCHESTER MUNICIPAL |) | |
| UTILITIES COMMISSION |) | |
| |) | |
| DEFENDANT |) | |

ORDER TO SATISFY OR ANSWER

Winchester Municipal Utilities Commission ("WMU") is hereby notified that it has been named as defendant in a formal complaint filed on August 1, 2005, a copy of which is attached hereto.

Pursuant to 807 KAR 5:001, Section 12, WMU is HEREBY ORDERED to satisfy the matters complained of or file a written answer to the complaint within 10 days from the date of service of this Order.

Should documents of any kind be filed with the Commission in the course of this proceeding, the documents shall also be served on all parties of record.

Done at Frankfort, Kentucky, this 4th day of August, 2005.

ATTEST:

By the Commission


Executive Director

In the Matter of:

[illegible]

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PLP C SERVICE
COMMISSION

1. The full name and address of the Complainant is East Clark County Water District, P.O. Box 112, Winchester, Kentucky, 40392. East Clark is a water district organized pursuant to KRS Chapter 74 that provides water service to customers in Clark County, Kentucky. Pursuant to a Water Purchase Agreement dated July 15, 1999 (the “Water Purchase Agreement”, attached hereto as Exhibit A, East Clark purchases water from Winchester to serve its customers. East Clark also sells water to Winchester at certain points on its system for the purpose of improving Winchester’s water pressure in

certain areas. East Clark is a public utility subject to Commission jurisdiction under KRS 278.010 and KRS 278.040.

2. The full name and address of the Defendant is the City of Winchester, Acting By and Through Winchester Municipal Utilities Commission, 150 N. Main Street, P.O. Box 4177, Winchester, Kentucky, 40392-4177. Winchester sells water at retail to customers in the City of Winchester and in Clark County, Kentucky. In addition, pursuant to the Water Purchase Agreement, Winchester sells water to East Clark for resale to East Clark's customers. In its capacity as a provider of water to East Clark, WMU is subject to Commission jurisdiction pursuant to KRS 278.200. *See Simpson County Water District v. City of Franklin*, 872 S.W.2d 460, 463 (Ky. 1994) ("[W]here contracts have been executed between a utility and a city... KRS 278.200 is applicable and requires that by so contracting the City relinquishes the [KRS 278.010] exemption and is rendered subject to PSC rates and service regulation").

3. Despite months of good faith attempts to negotiate a resolution to the issues presented herein, East Clark has been unable to obtain a reasonable response from Winchester.

4. By this Complaint, East Clark asks as follows: [1] that the Commission commence an investigation into the rates currently charged by Winchester to East Clark,¹ including requiring Winchester to have performed, by a neutral third party, a cost of

¹ Although Winchester's wholesale rate to East Clark was approved by Commission Order issued December 17, 2004, and East Clark did not object to the rate at that time, there is precedent for East Clark's request. For example, in *In the Matter of An Investigation of the Wholesale Water Service Rate of Montgomery County Water District No. 1* (PSC Case No. 97-400, Order dated Oct. 1, 1997), the Commission opened its own investigation to determine the proper wholesale rate in response to a complaint letter received from the wholesale customer several months after the rate increase had been approved, without objection, by Commission Order.

service study that is based upon reasonable cost allocations and demand factors, to determine the just and reasonable wholesale rate to be charged by Winchester to East Clark on a going-forward basis; [2] that the Commission investigate certain acts and practices of Winchester, including (a) Winchester's current practice of treating East Clark as a retail customer subject to a declining-block retail rate for each of its service connections rather than as a wholesale customer that receives a single, volumetric rate to which it is entitled based on the parties' Water Purchase Agreement, and (b) Winchester's refusal to permit East Clark to purchase sufficient water to serve its customers on reasonable terms and conditions, even as it claims authority to prevent East Clark from purchasing water elsewhere without its permission, in violation of the parties' Water Purchase Agreement; [3] that the Commission enter its Order (a) declaring that such acts and practices are in violation of the parties' Water Purchase Agreement and the obligation of good faith and fair dealing, and are otherwise unjust, unreasonable, and unlawful, and (b) prescribing the proper acts and practices and policies to be followed by Winchester; [4] that the Commission construe the parties' Water Purchase Agreement to determine the extent to which certain portions of the contract violate 7 U.S.C. § 1926(b) and/or KRS 278.280 and other applicable statutes and regulations requiring utility service to be adequate and to be provided on just and reasonable terms, and declare such portions of the Water Purchase Agreement to be null, void and unenforceable; [5] that the Commission issue its Order enforcing, on an expedited basis, its orders in Case No. 2004-00455,² by requiring Winchester to pay the Commission-approved rate to East Clark, including arrearages incurred for service billed on and after January 1, 2005; or, in the

² *In the Matter of Purchased Water Adjustment of East Clark County Water District*, PSC Case. No. 2004-00455.

alternative, that the Commission vacate its Order in Case No. 2004-00506³ approving Winchester's rate to East Clark, and order Winchester to refund to East Clark amounts paid since the effective date of the new rates that are in excess of the rates charged prior to January 1, 2005. The facts supporting this Complaint are set forth below.

COUNT I

REQUEST FOR INVESTIGATION TO DETERMINE THE JUST AND REASONABLE WHOLESALE RATE TO BE CHARGED BY WINCHESTER TO EAST CLARK

5. The rates charged to East Clark by Winchester are excessive, unreasonable, and unlawful, are based upon inappropriate allocation of costs and unreasonable demand factors, and result in a rate structure whereby East Clark and its customers are forced to subsidize the rates paid by Winchester's in-city customers.

6. East Clark is required to pay, rather than a single volumetric rate that befits a wholesale customer, a declining block rate applicable to retail customers applied per service connection.⁴ Such rate treatment violates cost of service principles, as East Clark is a wholesale customer that provides billing, collection, distribution, and other services to its own customers. Since the parties' Water Purchase Agreement was signed in 1999, the cost of water to East Clark has been increased from ninety-six cents (\$0.96) per one hundred cubic feet [Water Purchase Agreement at 5-6] to the current rate, averaged from

³ *Proposed Rate Adjustment of Wholesale Water Service Rate of Winchester Municipal Utilities*, PSC Case No. 2004-00506, Final Order dated December 17, 2004.

⁴ *See AWWA Manual M1* (4th Ed. 1991), at 42 ("Declining-block rates are usually not appropriate for wholesale service ... quantity of use is no indication of load characteristics for this type of customer. The calculated rates should be tested by application to customer-class water usage to determine if revenues will be derived from each class in accordance with the cost of service").

January through July of this year, of \$2.06 per one hundred cubic feet, excluding Kentucky River Authority fees -- an extraordinary increase in six years. The declining block retail rate applied to East Clark by Winchester is the “outside the city” retail rate, which is much higher than the “inside the city” retail rate. The incongruity of the rates is illustrated by the following comparison of the *retail* rates charged by Winchester to city customers and the allegedly “*wholesale*” rates charged to East Clark:

| <u>Charged to In-City Winchester retail customers:</u> | | <u>Charged to East Clark</u> | |
|--|--------|------------------------------|--------|
| <i>(Per 100 cubic feet)</i> | | <i>(Per 100 cubic feet)</i> | |
| First 100 cubic feet | \$3.37 | First 100 cubic feet | \$4.37 |
| Next 400 c.f. | 2.46 | Next 400 c.f. | 3.24 |
| Next 1,500 c.f. | 2.32 | Next 1,500 c.f. | 3.03 |
| Next 15,000 c.f. | 2.20 | Next 15,000 c.f. | 2.88 |
| Next 333,000 c.f. | 1.71 | Next 333,000 c.f. | 2.19 |
| Over 350,000 c.f. | 1.05 | Over 350,000 c.f. | 1.54 |

7. The rates charged to East Clark are allegedly based upon a cost of service study performed by Thompson Environmental Network, Inc. (“TEN”) in 1999 [the “Winchester Study,” attached hereto as Exhibit B]. However, the calculations and allocations reflected in the Winchester Study do not comport with generally accepted cost of service principles and result in the unlawful and unreasonable allocation to East Clark and its customers of numerous expenses, including fire protection and water distribution lines, associated solely with Winchester’s provision of service to its *retail* customers. Other unreasonable conclusions in the Winchester Study include, but are not limited to, the following:

A. Table B-3 shows the maximum day and maximum hour peaking factors applied. The maximum day peaking factor for East Clark is shown as 2.25 and the maximum hour peaking factor is shown as 3.75. A table at the bottom of the sheet

shows, as “Peaking Factor Options,” 2.25 and 3.75 (random AWWA examples) and 1.35 and 1.56 - the *peaking factors apparently calculated by Thompson Environmental Network for East Clark*. As East Clark maintains its own water storage, it is abundantly clear that 2.25 and 3.75 are highly unlikely to reflect any approximation of East Clark’s actual usage and demand pattern. Single family residential peaking factors – inside the city – are set at 2.50 and 4.00, respectively. The peaking factors applied to East Clark result in unreasonable charges to East Clark and its customers.

B. Table B-12 shows an 11% interest rate on equity, while Table B-13 shows allocation of water assets and capital cost, including depreciation and a 6.38% rate of return on investment, to “outside city” customers, including East Clark. The allocation to East Clark of depreciation and rate of return on such assets as distribution lines, hydrants, and meters is unreasonable.

C. Tables B-13 and B-17 show a rate of return of 6.38 percent allocated to outside city customers. Winchester should be required to justify its return by providing evidence concerning its rate base used to serve East Clark.

8. The current rates, based upon the Winchester Study and calculated as if East Clark were several retail customers – and outside-city retail customers, at that – are unreasonable. East Clark asks the Commission to order Winchester to have a new cost of service study performed that accurately and reasonably reflects Winchester’s cost to provide wholesale service to East Clark, and to set a new wholesale rate based upon such study.

COUNT II

WINCHESTER'S UNILATERAL RECLASSIFICATION OF EAST CLARK TO "RETAIL" RATHER THAN "WHOLESALE" STATUS IN VIOLATION OF THE PARTIES' WATER PURCHASE AGREEMENT

9. The rates currently charged to East Clark by Winchester [Winchester Tariff attached as Exhibit C hereto] specify that East Clark pays a retail rate, calculated by declining block for each of six service connections, rather than specifying a single, volumetric rate to be charged to East Clark, despite its purported classification as a "wholesale" customer.

10. The AAWA1 Manual, at 42, specifies that, under proper cost of service principles, a wholesale customer should pay a single volumetric rate rather than a declining-block rate, as quantity of use is no indicator of load characteristics for a wholesale customer.

11. The parties' Water Purchase Agreement, at ¶ 8, specifies that East Clark is to pay a single wholesale rate to be adjusted by reference to volume sold rather than by reference to the means by which the water is delivered (i.e., by number of system connections):

For the first five years, the compensation which ECCWD shall pay to WMU for water furnished under this Agreement shall be ninety-six cents (\$0.96) per hundred cubic feet.... The amount of the increase or decrease of the rate hereinabove fixed shall be directly proportional to the increase or decrease produced by such rate change in WMU's gross revenues received for water from its other customers....After five years, the rate will be adjusted to the then current cost-of-service volumetric rate and adjusted biannually according to cost-of-service methodology.

Water Purchase Agreement, at ¶ 8.

12. Thus, pursuant to the Water Purchase Agreement, Winchester was to adjust the *single* rate by *cost of service* methodology. Instead, Winchester has unilaterally reclassified East Clark from wholesale to retail status, ignoring both the Water Purchase Agreement and cost of service principles, both of which dictate that East Clark is entitled to a single volumetric rate based on costs actually related to Winchester's cost to provide service to East Clark.

13. Winchester's unilateral reclassification of East Clark from wholesale to retail status violates the Water Purchase Agreement and is otherwise unjust, unreasonable, and unlawful, and should be so declared by this Commission.

COUNT III

WINCHESTER'S REFUSAL TO PROVIDE EAST CLARK WITH SUFFICIENT WATER TO SERVE ITS CUSTOMERS ON REASONABLE TERMS AND CONDITIONS

14. The Parties' Water Purchase Agreement, at 2, states that "ECCWD herewith agrees to purchase all of its water requirements from WMU during the term of this Agreement, subject to the maximum provided for in Paragraph 6 below, and WMU shall be ECCWD's exclusive supplier unless WMU is unable or unwilling to supply a sufficient supply of water to ECCWD to meet its reasonable needs."

15. Paragraph 6 of the Water Purchase Agreement provides, in turn, that Winchester will sell to East Clark "up to 400,000 gallons per day as a peak day capacity allocation."

16. Paragraph 8 provides that, if East Clark withdraws more than 400,000 gallons in any single day, it will be subject to a surcharge of 25% of the rate in effect for the quantity above the capacity allocation.

17. Due to system growth, East Clark now needs an allocation greater than 400,000 gallons per day. Consequently, pursuant to the Parties' Water Purchase Agreement, Paragraph 7, which provides for such requests, East Clark has asked Winchester to provide it with additional capacity.

18. In response to East Clark's request, Winchester has offered to supply it with an additional 100,000 gallons per day only on the unreasonable conditions that East Clark acquiesce in a system development charge to be assessed by Winchester and that East Clark forego its right to present evidence to the Commission on the reasonableness of such system development charge. East Clark does not object to paying a reasonable system development charge that has received Commission approval. However, to East Clark's knowledge, the system development charge Winchester wishes to impose upon East Clark does not comply with 807 KAR 5:090 in that the charge assessed will not be based upon the cost of construction of system improvements necessary to serve East Clark.

19. As East Clark has refused to surrender its lawful right to participate in any Commission proceedings on a system development charge proposed by Winchester, or to question the proposed system development charge in any way, Winchester -- despite ample available capacity -- has refused to enter into an agreement to sell East Clark additional capacity and has threatened to impose the 25% surcharge upon withdrawals of

more than 400,000 gallons per day, although such surcharge does not appear in the Winchester tariff [Exhibit C hereto].

20. Nevertheless, even as Winchester refuses to agree to an increase in the maximum daily quantity to be delivered to East Clark pursuant to reasonable terms and conditions, including full examination of any system development charge that might be necessary and appropriate, it continues to exert leverage based upon a purported right to prevent East Clark from purchasing water from another supplier.

21. Winchester's practices as described herein are unreasonable and unlawful, in that Winchester is once again following its established pattern and practice of attempting to use its leverage as East Clark's sole water supplier to impose unreasonable terms and conditions.

22. Winchester should be ordered to deal in good faith with East Clark as the parties' Water Purchase Agreement requires, to agree to sell, on reasonable terms and conditions, additional water needed by East Clark to provide adequate service to its customers, and to cease its attempts to deprive East Clark of its right, under applicable law and Commission regulations, to participation in the examination of any proposed system development charge.

COUNT IV

VIOLATION OF FEDERAL AND STATE LAW IN CONTRACTUAL PROVISIONS PURPORTING TO PROVIDE FOR AUTOMATIC LOSS OF EAST CLARK'S CUSTOMERS, FACILITIES, AND TERRITORY TO WINCHESTER

23. Because East Clark is a federally-indebted water utility, East Clark's right to serve existing customers is protected by federal law, and cannot be waived by East Clark. However, the parties' Water Purchase Agreement is replete with provisions that purport to enable Winchester to take over East Clark's territory, to purchase its facilities, to serve its customers and, in fact, to buy the entire system on a "first refusal" basis should East Clark finally cease its struggle to conduct business in a cost-effective way despite the heavy-handed practices of Winchester as described herein.

24. The Water Purchase Agreement contains assignments of certain territory and also provides that Winchester may begin serving certain areas currently served by East Clark at any time [Water Purchase Agreement at 2- 4]. The Water Purchase Agreement, at 2-4, also contains a pricing formula allegedly governing forced sales to Winchester by East Clark.

7 U.S.C. § 1926(b) provides as follows:

The service provided or made available through any [water] association *shall not* be curtailed or limited by inclusion of the area served by such association within the boundaries of any municipal corporation or other public body, or by the granting of any private franchise for similar service within such area during the term of such loan; nor shall the happening of any such event be the basis of requiring such association to secure any franchise, license, or permit as a condition to continuing to serve the area served by the association at the time of the occurrence of such event.

[Emphasis added.]

25. The Water Purchase Agreement provisions described herein providing for automatic surrender by East Clark of its territory and its customer base to Winchester, at Winchester's discretion, violate federal law and, in that the contemplated transfers appear to include no role for Public Service Commission review, may violate state law as well. The Commission should declare such provisions void and unenforceable.

COUNT V

REQUEST FOR EXPEDITED RELIEF ENFORCING PRIOR COMMISSION ORDERS APPROVING EAST CLARK'S RATE CHARGED TO WINCHESTER OR, IN THE ALTERNATIVE, VACATING THE UNLAWFUL RATES CHARGED BY WINCHESTER AND ORDERING A REFUND

26. On November 29, 2004, East Clark applied to the Commission for approval to adjust its rates pursuant to the increase of its water supplier, Winchester. The case was docketed as Case No. 2004-00455. The first page of the application [the "Application"] [attached hereto in its entirety as Exhibit D] states as follows: "In the application please note that the city of Winchester will no longer sell water to the district at a wholesale rate. Therefore, the district can no longer resell water to the city at a wholesale rate. The purchased water adjustment reflects that water resold to the city will be sold at retail rates. The district has met with the city regarding this issue and the city does not object to the change in billing." The statement in the Application reflects the agreement with Winchester upon which East Clark relied in deciding not to contest Winchester's most recent – and drastic – rate increase.

27. Attached to, and part of, the Application filed with the Commission in Case No. 2004-00455 is a sheet entitled "EAST CLARK COUNTY WATER DISTRICT CALCULATION OF PURCHASED WATER ADJUSTMENT REVISED WATER

RATES.” On that sheet is a section entitled “SALES TO WINCHESTER.” The declining block rates, from the “First 2,000” through “Over 50,000” are identical to those specified for “RETAIL CUSTOMERS” on the same sheet. The calculation of the appropriate purchased water adjustment is dependent upon the calculations for the retail rate to Winchester as shown in the application and as approved by the Commission.

28. Attached to, and part of, the Application filed with the Commission in Case No. 2004-00455 is a copy of the public notice published in a newspaper of general circulation in Clark County that specifies the new proposed rates for *all* users.

29. Attached to, and part of, the Application filed with the Commission in Case No. 2004-00455 is a copy of East Clark’s proposed rates, with the heading “RATES – ALL USERS.”

30. The Commission’s final order in Case No. 2004-00455, dated January 6, 2005, unequivocally approved East Clark’s “proposed rates” [PSC Orders, Case No. 2004-00455, attached hereto as Exhibit E].

31. Winchester refuses to pay the lawful rates as approved in Case No. 2004-00455, withholding, to date, \$33,431.47, excluding tariffed penalties. In the meantime, Winchester has charged East Clark its increased, declining block, outside-city, retail rate. Winchester has violated its agreement with East Clark in which East Clark agreed not to oppose the rate increase filed by WMU in 2004 based on the understanding that Winchester would pay the reciprocal East Clark retail rate. As the Application in Case No. 2004-00455 demonstrates, East Clark’s new rates, including the new rates to Winchester, were calculated to recoup the additional cost to East Clark of paying Winchester’s increased rate. Winchester’s failure to pay East Clark’s new rate, even as

East Clark pays the increased rates now charged by Winchester, results in accumulating monthly financial losses to East Clark.

32. On June 5, 2005, East Clark, realizing that it had erroneously refiled an unchanged tariff page 8 reflecting the rate charged to Winchester prior to the purchased water adjustment approved in Case No. 2004-00455, sent to the Commission a tariff page containing the corrected rate [June 5, 2005 Letter of William Ballard to the Executive Director, copy attached hereto as Exhibit F]. To date, East Clark has received from the Commission no acknowledgement of its filing.

33. On June 17, 2005, Winchester objected to the submission of the tariff page, alleging, among other things, that it had not received notice that East Clark's purchased water adjustment would result in a rate increase to Winchester [Letter of John Rompf, dated June 17, 2005, copy attached hereto as Exhibit G]. However, representatives of Winchester were personally informed that Winchester's rate would be increased to East Clark's retail rate in accordance with Winchester's rate treatment of East Clark. Even if Winchester had not received such verbal notification prior to East Clark's filing of the Application in Case No. 2004-00455, Winchester received notice of the new rates by publication, as did other East Clark customers. *See* Public Notice attached to Application [Exhibit D]. Moreover, in light of the requirement in 807 KAR 5:068 that a purchased water adjustment include adjustment to rates for *all* customer classes; in light of the provision in the parties' Water Purchase Agreement, at 10, that ECCWD's rate will increase "at the same time and in the same proportion" as an increase from Winchester; and in light of sheer common sense, Winchester's claim to have believed that it alone --

of all ECCWD's customers -- would not receive *any* increase as a result of its own rate hike is, with all due respect, devoid of merit.

34. An expedited remedy for the current imbalance in rates charged by Winchester to East Clark and paid by Winchester to East Clark is necessary.

35. The Commission should issue its Order declaring that the rates proposed by East Clark and approved by the Commission in Case No. 2004-00455 are the lawful rates to be charged; that they have been effective since January 1, 2005, as the Commission's Orders state; and that Winchester must pay those rates or face lawful disconnection. In the alternative, the Commission should vacate its earlier order in Case No. 2004-00506 approving Winchester's rates currently charged to East Clark since January 1, 2005, and order Winchester to refund amounts overpaid by East Clark since January 1, 2005.

REQUEST FOR RELIEF

WHEREFORE, East Clark County Water District requests that the Commission:

1. Commence an investigation into the rates currently charged by Winchester to East Clark, requiring Winchester to have performed, by a neutral third party, a cost of service study that is current and that is based upon reasonable cost allocations and demand factors, and, as a result of that investigation, determine the just and reasonable wholesale rate to be charged by Winchester to East Clark on a going-forward basis;

2. Investigate certain acts and practices of Winchester, including (a) Winchester's unilateral and unreasonable reclassification of East Clark to retail customer status subject to a declining-block retail rate for each of its service connections rather than as a wholesale customer that receives a volumetric rate to which it is entitled based on the

parties' Water Purchase Agreement, and (b) Winchester's refusal to permit East Clark to purchase sufficient water to serve its customers on reasonable terms and conditions, even as it claims authority to prevent East Clark from purchasing water elsewhere without its permission;

3. Enter its Order declaring that Winchester's acts and practices in these matters are in violation of the parties' Water Purchase Agreement and are otherwise unjust, unreasonable, and unlawful, and prescribing the proper acts and practices and policies to be followed by Winchester, including the requirement that Winchester enter into an amendment to the Parties' Water Purchase Agreement to enable East Clark to purchase additional capacity on reasonable terms;

4. Construe the parties' Water Purchase Agreement to determine the extent to which certain portions of the contract violate 7 U.S.C. § 1926(b) and/or KRS 278.280 and other applicable statutes and regulations requiring utility service to be adequate and to be provided on just and reasonable terms, and declare such portions of the Water Purchase Agreement to be null and void;

5. Enter its Order enforcing, on an expedited basis, its orders in Case No. 2004-00455,⁵ by requiring Winchester to pay the Commission-approved rate to East Clark, including arrearages incurred for service billed on and after January 1, 2005; or, in the alternative, enter its Order vacating the rate charged by Winchester to East Clark in violation of the Water Purchase Agreement and the parties' understanding with regard to reciprocal rate increases and order Winchester to refund to East Clark amounts paid since

⁵ *In the Matter of Purchased Water Adjustment of East Clark County Water District*, PSC Case. No. 2004-00455.

January 1, 2005, that are in excess of the rates charged by Winchester to East Clark prior to that Order.

6. Award to East Clark all other relief to which it may be entitled.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Deborah T. Eversole". The signature is fluid and cursive, with the first name being the most prominent.

C. Kent Hatfield

Deborah T. Eversole

STOLL, KEENON & PARK, LLP

2650 AEGON Center

400 West Market Street

Louisville, Kentucky 40202

Telephone: (502) 568-9100

Counsel to East Clark County
Water District

VERIFICATION

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

William Ballard, Manager of East Clark County Water District, first being duly sworn, deposes and says that he has read the foregoing Verified Formal Complaint and knows the contents thereof; and that the same is true of his own knowledge, except to those matters which are therein stated on information or belief, and that as to those matters he believes them to be true.

William Ballard
William Ballard
Manager, East Clark County Water District

Subscribed and sworn to before me by William Ballard on this
28th day of July, 2005.

My Commission Expires: 2-21-07

Carla J. Shennels
NOTARY PUBLIC

CERTIFICATE OF SERVICE

I hereby certify that, on July 29, 2005, a complete and accurate copy of the foregoing Formal Complaint, with Exhibits, was sent by First Class Mail, postage prepaid, to Vernon Azevedo, General Manager, Winchester Municipal Utilities Commission, 150 N. Main Street, P.O. Box 4177, Winchester, Kentucky, 40392-4177, and John Rompf, Esq., White, McCann & Stewart, PLLC, 125 South Main Street, P.O. Box 578, Winchester, KY 40392-0578.



Deborah T. Eversole

EXHIBIT A

CITY OF WINCHESTER, KENTUCKY
by and through its
WINCHESTER MUNICIPAL UTILITIES COMMISSION
and
EAST CLARK COUNTY WATER DISTRICT

RECEIVED
DEC 21 1999
PUBLIC SERVICE
COMMISSION

WATER PURCHASE AGREEMENT

THIS WATER PURCHASE AGREEMENT (herein after referred to as "Agreement"), made and entered into this 15th day of JULY, 1999, by and between the CITY OF WINCHESTER, KENTUCKY, a municipal corporation of the third class located in Clark County, Kentucky (hereinafter referred to as "City"), by and through its WINCHESTER MUNICIPAL UTILITIES COMMISSION (hereinafter referred to as "WMU"), and EAST CLARK COUNTY WATER DISTRICT (hereinafter referred to as "ECCWD"), of Winchester, Clark County, Kentucky;

WITNESSETH:

WHEREAS, WMU has in operation a water treatment plant and delivery system supplying water to customers both within and without the corporate limits of the City, and

WHEREAS, by contract dated July 20, 1995 (which replaced a contract dated March 25, 1982), ECCWD has heretofore purchased water for the purpose of supplying its customers in eastern Clark County, and

WHEREAS, the parties hereto have determined that, because ECCWD's water requirements are now and will exceed those contracted for under the 1995 Agreement, and

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 20 2000

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Stephan D. Bell

WHEREAS, for territorial considerations arising out of WMU's providing of service in certain areas now included in the areas currently served by ECCWD, the said Agreement should now be terminated and replaced by this new Agreement;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements hereinbelow contained, the parties agree and bind themselves as follows:

1. Termination of Prior Agreement. That certain Water Purchase Agreement heretofore entered into by and between the parties hereto dated July 20, 1995, is by mutual consent of the parties hereby canceled and held for naught.

2. WMU to be Exclusive Supplier. ECCWD herewith agrees to purchase all of ~~its water requirements from WMU during the term of this Agreement, subject to the~~ maximum provided for in Paragraph 6 below, and WMU shall be ECCWD's exclusive supplier unless WMU is unable or unwilling to supply a sufficient supply of water to ECCWD to meet its reasonable needs.

3. ECCWD Territory. Except as hereinbelow provided, ECCWD has and shall retain, exclusive of the rights of WMU, the right to provide water service to all of those areas of eastern Clark County as marked on the map attached hereto as Exhibit "A" and identified as "ECCWD" and the engineer's description attached hereto as Exhibit "B". Should there be any discrepancy between the map and the engineer's description, the engineer's description (Exhibit "B") shall control.

ECCWD further agrees that should it become practical for WMU to provide sewer service in the area marked on the map attached hereto as Exhibit "C" and identified as "WMU Sanitary Sewer Service Area 1, Area 2, Area 3, and Area 4" and the

PUBLIC SERVICE COMMISSION
EFFECTIVE

JAN 20 2000

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Stephan D. Bell
SECRETARY OF THE COMMISSION

engineer's description attached hereto as Exhibit "D", or should such an area be annexed into the City of Winchester, then ECCWD shall, within sixty (60) days of receipt of notice by WMU, cede such area to WMU to become part of WMU's service territory. Should there be any discrepancy between the map and the engineer's description, the map (Exhibit "C") shall control.

WMU and ECCWD agree and acknowledge that the need for sanitary sewer expansion in the watersheds of Four Mile Creek, East Four Mile Creek, and Little Stoner Creek is mandated by the approved Facilities Planning Boundary. Extension of sanitary sewers in these watersheds shall only occur as required to accommodate growth that requires connection to a centralized sewer system or as directed by governmental or regulatory agencies other than WMU.

When such an area is ceded to WMU by ECCWD and ECCWD has previously provided service to such area, then WMU shall compensate ECCWD for facilities constructed by ECCWD in such area. The amount of compensation shall be determined from the books and records of ECCWD and shall consist of the undepreciated book value of ECCWD's facilities located in such area plus the present worth of the net revenues from the customers being served by ECCWD at the time such area is ceded to WMU calculated over 10 years. "Net revenues" is defined as the gross revenues from such customers reduced by the cost of goods sold, the actual operating costs and the proportion of debt service applicable to such facilities. Should the parties hereto not be able to agree on such compensation, then each party shall select a CPA other than those serving either of the parties and the two CPAs shall select a third CPA. The third CPA shall be selected from the list of CPAs approved by the Public Service Commission of Kentucky.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

JAN 20 2000

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Stephan D. Bell

select a third CPA who does not serve either party. The third CPA shall determine the amount of compensation to be paid by WMU to ECCWD and such determination shall be binding on the parties. Such reduction in territory and the compensation therefor shall be subject to approval of the creditors of ECCWD as may be required in various loan agreements.

The purpose of this provision of this Agreement is to allow the public health and welfare to be protected by the provision of sanitary sewer service, to avoid WMU providing sanitary sewer service to customers who are not WMU water customers, and to avoid the anomaly of having water customers located within the city limits of the City of Winchester who are not customers of WMU.

4. Territorial Encroachments. The parties agree that certain areas outside the territory assigned by this agreement to ECCWD are now served by ECCWD and that WMU shall have the right, at its option, to commence supplying any customers or territory not included in the ECCWD territory identified by the attached engineer's description Exhibit "B" at any time, upon sixty (60) days written notice to ECCWD. Any master meter required to be moved by the acquisition of customers or territory by WMU as herein provided shall be moved at the expense of WMU.

5. Effective Date and Term of Agreement. This Agreement shall become effective immediately upon its execution and shall remain in force and effect for a period of twenty (20) years thereafter; provided, however, that ECCWD shall have the right to renew and extend this Agreement for an additional period of twenty (20) years if

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PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: Stephan D. Bue
SECRETARY OF THE COMMISSION

it so desires, upon written notice to WMU at least two (2) years prior the expiration of the first twenty-year term.

6. Quantity of Water to be Supplied. WMU hereby agrees to sell and deliver to ECCWD up to 400,000 gallons per day as a peak day capacity allocation.

Said quantity of water is exclusive of water repurchased by WMU from ECCWD and that quantity sold through bulk water loading stations previously the property of WMU.

Water necessary for flushing of ECCWD's water system shall be exempt from any surcharge. ECCWD shall provide WMU a one business day notice of ECCWD's intent to flush all or portions of water system in order that proper billing procedures can be initiated.

7. Request for Additional Capacity. WMU and ECCWD hereby acknowledge and agree that the quantity of water allocated in Paragraph 6 of this Agreement was determined on the present projected peak day demand of ECCWD and the present available capacity of the WMU water system. Both parties agree that if in the future should ECCWD require an additional quantity of water to serve growth, that such a request will be made in writing to WMU and that WMU will consider the request through the normal business routine as WMU would consider for approval a request for capacity from any developer. Increases in the quantity of water to be supplied to ECCWD, upon approval by WMU in the normal course of business, will be noted in the meeting minutes of the WMU Commission and will be appended to this Agreement.

8. Compensation. For the first five years, the compensation which ECCWD shall pay to WMU for water furnished under this Agreement shall be ninety-six cents
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(\$0.96) per hundred cubic feet, excluding surcharges as defined in Paragraph 8 and System Development Charges as defined in Paragraph 15 of this Agreement. The said rate shall be subject to increase or decrease at any time the City, in its sole discretion, changes the water rates for other customers of WMU. The amount of the increase or decrease of the rate hereinabove fixed shall be directly proportional to the increase or decrease produced by such rate change in WMU's gross revenues received for water from its other customers. Any revised rate shall be rounded to the nearest cent. "Other customers" as used herein shall mean regular customers subject to the general water rate schedule fixed by the City from time to time and shall not include water districts or other customers subject to special contractual rates. After five years, the rate will be adjusted to the then current cost of service volumetric rate and adjusted biannually according to cost of service methodology.

ECCWD hereby agrees that should the peak day capacity allocated in Paragraph 6 of this Agreement be exceeded on any singular day, ECCWD will pay WMU a surcharge of 25% of the rate then in effect for the entire quantity above the peak day capacity allocation payable with the regular monthly bill.

9. Metering. Water delivered to ECCWD by WMU shall be measured by up to five (5) master meters to be placed at locations agreed upon between the parties. The meters shall be purchased and installed at the cost of ECCWD, but the meter shall be owned and maintained by WMU. Each meter shall be examined and tested at least once every five (5) years. In the event it is ascertained that any meter is not accurate, it shall be replaced by WMU so as to render it accurate, and an adjustment shall be

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made to the charges imposed upon ECCWD based upon such examination and test and upon the average monthly charges to ECCWD during the preceding three (3) month period.

For billing purposes related to surcharges, each master meter will be read each day by WMU. WMU will notify ECCWD each time that the peak day capacity allocation has been exceeded. Billing will be based on a monthly charge including all surcharges for exceeding peak day capacity.

10. Terms and Conditions of Service. Subject to the provisions of this Agreement, ECCWD hereby agrees and binds itself to abide by all ordinances, rules and regulations of the City and WMU applicable to other customers; to pay all charges and delinquent penalties, if any; to be subject to termination for nonpayment of charges; and otherwise to receive the water service in the same manner and under the same terms and conditions as other customers of WMU.

11. Limits of Obligations and Liabilities of WMU. WMU hereby agrees to supply and deliver the quantity of water to ECCWD as herein set forth, and WMU expressly limits and restricts the providing of such service with the understanding that WMU shall only be required to use reasonable attention, care and diligence in the operation and maintenance of its system to prevent and avoid any unnecessary interruptions and fluctuations in the supply of water. WMU does not represent or guarantee that interruptions or fluctuations will not happen or occur, and due to conditions which may be brought about or emergencies which may be caused by breaks, leaks, defects, repairs, extensions, enlargements, or demands upon the

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system, or by fire, floods, strikes, acts of God, or other unforeseen causes, there may be times and occasions when the quantity or supply of water may be diminished or interrupted, and there shall be no obligation or requirement upon WMU to deliver or provide the water to be supplied at any specific pressure or flow. WMU shall provide water to ECCWD at its various meters according to applicable laws and regulations of the Kentucky Division of Water. The pressure and quantity of water resulting from normal operation of WMU's system shall be available to ECCWD at its various meters.

12. Water Shortages. It is agreed, that in cases of shortage of supply, all customers and users of both WMU and ECCWD shall share the shortage proportionately and WMU will not discriminate against ECCWD under such circumstances. In such cases of shortage, ECCWD agrees to the terms and conditions of the WMU Emergency Water Conservation Program in addition to any other curtailment or restriction that ECCWD may desire to implement. ECCWD hereby agrees to hold WMU harmless from any and all liability incurred as a result of WMU's furnishing, or its reasonable failure to furnish, any particular quantity or pressure of water under the Agreement.

13. Restriction Against Resale of Water by ECCWD. ECCWD shall not sell any water provided it under this Agreement outside the limits of its territory as described herein, nor shall it sell or deliver any water to any other water district or other supplier of water to individual customers without the consent of WMU, which consent shall be obtained through proper legislative action of the City; provided, however, that

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ECCWD may sell water to water haulers upon the written consent of WMU at such location or locations as may be approved by WMU.

14. Repurchase of Water by WMU. It is recognized by the parties hereto that WMU has been repurchasing water from ECCWD for the purpose of improving pressures in portions of WMU's water system. Water being so repurchased is now metered to WMU at two locations: Ky. Highway 89 near the property of William Shearer, and Ky. Highway 15 at the Napier property.

It is specifically understood and agreed that WMU shall have the right to increase or decrease repurchases and to increase, decrease, or change the locations of repurchase metering points; provided, however, that the actual costs of installing, removing, or changing the location of any repurchase meter shall be borne by WMU, with all such meters to be supplied at the cost of ECCWD, which shall remain the owner thereof. WMU shall be responsible for the maintenance and accuracy of such meters. Each meter shall be examined and tested at least once every five (5) years. In the event it is ascertained that any meter is not accurate, an adjustment shall be made to the charges imposed upon WMU based upon such examination and test and upon the average monthly charges to WMU during the preceding three (3) month period.

It is further agreed that should WMU's repurchase requirements create an overload of ECCWD's pumping and pipeline capacity, and should WMU, in its sole discretion, desire to continue repurchase of water from ECCWD, WMU shall pay its share of the capital expenditures required to increase pumping and pipeline capacities necessary to serve WMU's repurchase requirements.

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The price to be paid for water repurchased by WMU pursuant to this paragraph shall initially be one and 24/100 dollars (\$1.24) per hundred cubic feet, and shall be increased or decreased at the same time and in the same proportion that the price paid by ECCWD to WMU for water under Paragraph 6 of this Agreement is increased or decreased.

15. System Development Charges. ECCWD acknowledges that WMU, through City, has adopted a schedule of System Development Charges (SDCs) to recover certain costs associated with serving growth and to protect the ratepayers of both WMU and ECCWD from rate increases necessary to serve growth.

WMU acknowledges and agrees that the Phase VI project does not qualify for assessment of SDCs under the terms and conditions as established by WMU; therefore there will be no assessment of SDCs on ECCWD for growth and increased demand caused by construction of ECCWD's Phase VI and the associated demand caused by the connection of up to 260 additional customers to ECCWD in the defined territory of Phase VI (hereinafter "Phase VI Territory"). There will be a three (3) year period for connection of up to 260 additional residential customers equivalents, in the Phase VI Territory, without payment of SDCs. ECCWD acknowledges and agrees that the capacity limitation defined in Paragraph 6 provides for the eventual connection, within a three (3) year period, of up to 260 additional residential customer equivalents in the Phase VI Territory.

ECCWD acknowledges and agrees to the assessment and payment of SDCs at an initial rate of \$1,000 per 400 gallons per day for additional capacity, as may be determined by the PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE

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requested in the future by ECCWD, for additional capacity over and above the 400,000 gallons per day allocated in this Agreement. The said rate of \$1,000 per 400 gallons per day shall be subject to modification at any time the City, in its sole discretion, changes by ordinance the SDC rate for 5/8" meter to be assessed and paid by other customers of WMU. Payment of said SDCs by ECCWD to WMU shall be within 365 calendar days of the time of WMU approval of additional contractual capacity allocation.

ECCWD shall retain the right to collect SDCs from developers, property owners, customers or other parties within its retail water service territory in a manner of its choice.

~~Should the Kentucky Public Service Commission (PSC) issue an order resulting from Administrative Case No. 375, or any other current or future case, which conflicts with the provisions contained herein with regard to the permissibility, assessment, or payment of SDCs, paragraph 15 of this Agreement will be subject to negotiated amendment by the parties to bring the provisions of the Agreement into compliance with said PSC order.~~

16. Sale of ECCWD Assets. In the event that ECCWD shall during the term hereof desire to dissolve, or otherwise dispose of a substantial portion of its assets, ECCWD hereby grants to WMU an option to purchase all of the assets of the ECCWD.

17. Parties Bound. This Agreement shall inure to the benefit of the be binding upon the parties hereto and their respective successors and assigns. This Agreement shall not be assigned by either party without the written consent of the other party, which consent shall not be unreasonably withheld; provided, however, in all events

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each and every provision of this Agreement shall be binding upon a successor-in-interest who shall be exclusively responsible for the performance of the terms of this Agreement to be performed by either party hereunder.

IN TESTIMONY WHEREOF, this Agreement has been executed by the Mayor of the City of Winchester, Kentucky, the Chairman of the Winchester Municipal Utilities Commission, and the Chairman of the East Clark County Water District, to take effect on the day and year first above written.

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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

ATTEST:

Philip T. Powell
City Clerk

ATTEST:

Marianne Watts
Secretary

CITY OF WINCHESTER, KENTUCKY

[Signature]
Mayor

WINCHESTER MUNICIPAL
UTILITIES COMMISSION

Frank A. Roncalle
Chairman

ATTEST:

EAST CLARK COUNTY
WATER DISTRICT

Fred J. Jarvis
Secretary

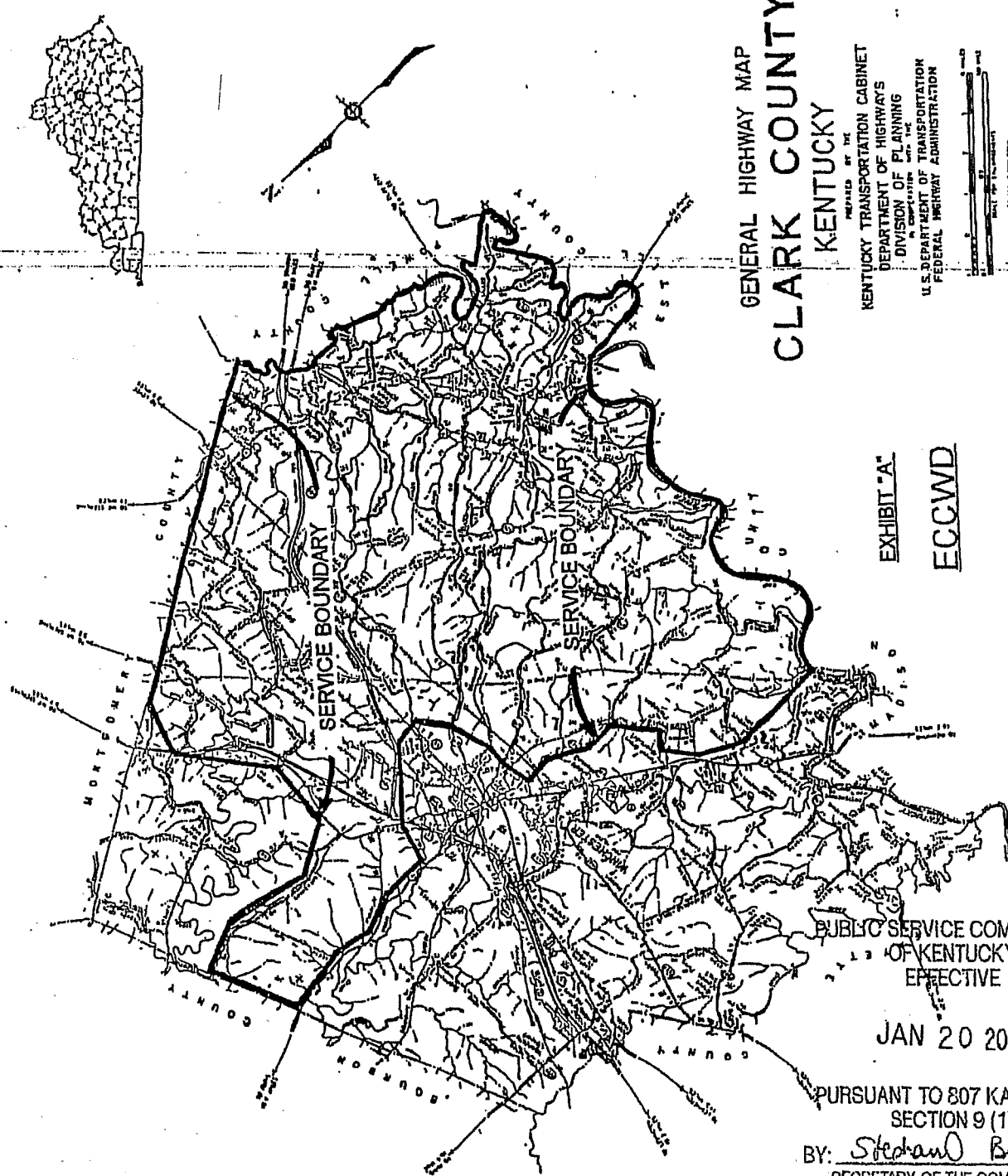
Harold Rogers
Chairman

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BY: Stephan O. Bell
SECRETARY OF THE COMMISSION



GENERAL HIGHWAY MAP
CLARK COUNTY
KENTUCKY

PREPARED BY THE
KENTUCKY TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
DIVISION OF PLANNING
IN COOPERATION WITH
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

EXHIBIT "A"
ECCWD

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PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)
BY: Stephan D. Bee
SECRETARY OF THE COMMISSION

CITY OF WINCHESTER, KENTUCKY
BY: Alan S. Kincaid
MAYOR

ATTEST:
Maureen P. Davis
CITY CLERK

WINCHESTER MUNICIPAL UTILITIES
COMMISSION
BY: W. Eugene D. Jones
CHAIRMAN

ATTEST:
William Noble
SECRETARY

EAST CLARK COUNTY WATER
DISTRICT
BY: Donald E. Jones
CHAIRMAN

ATTEST:
Tim Harris
SECRETARY

DATE: _____

Beginning at a point of intersection with the Kentucky River and Two Mile Creek;
thence a straight line to proposed purchase point on Elkin Station Road;
thence following a straight line to the proposed purchase point on Flanagan Station Road;
thence to the intersection of the centerline of Twomile Road and 12" gas lines(owned by ?????) ;
thence to purchase point on Hughes Avenue;
thence to southeastern most point of the Winchester city limits;
thence to resale point on Kentucky highway 89 (Irvine Road) ;
thence to resale point on Kentucky highway 15;
thence due north to centerline of Mountain Parkway;
thence to purchase point on Kentucky highway 1960 (Ecton Road);
thence to intersection of U.S. highway 60 and Interstate 64;
thence following Interstate 64 centerline westwardly to its intersection with U.S. highway 60;
thence northwardly on Kentucky highway 627 to the countyline.

This shall be the boundary line for East Clark County Water District. All properties east of boundary line within Clark county shall be within ECCWD service area. Area to be excluded is the W. Miller property.

(also Judy Water District area)

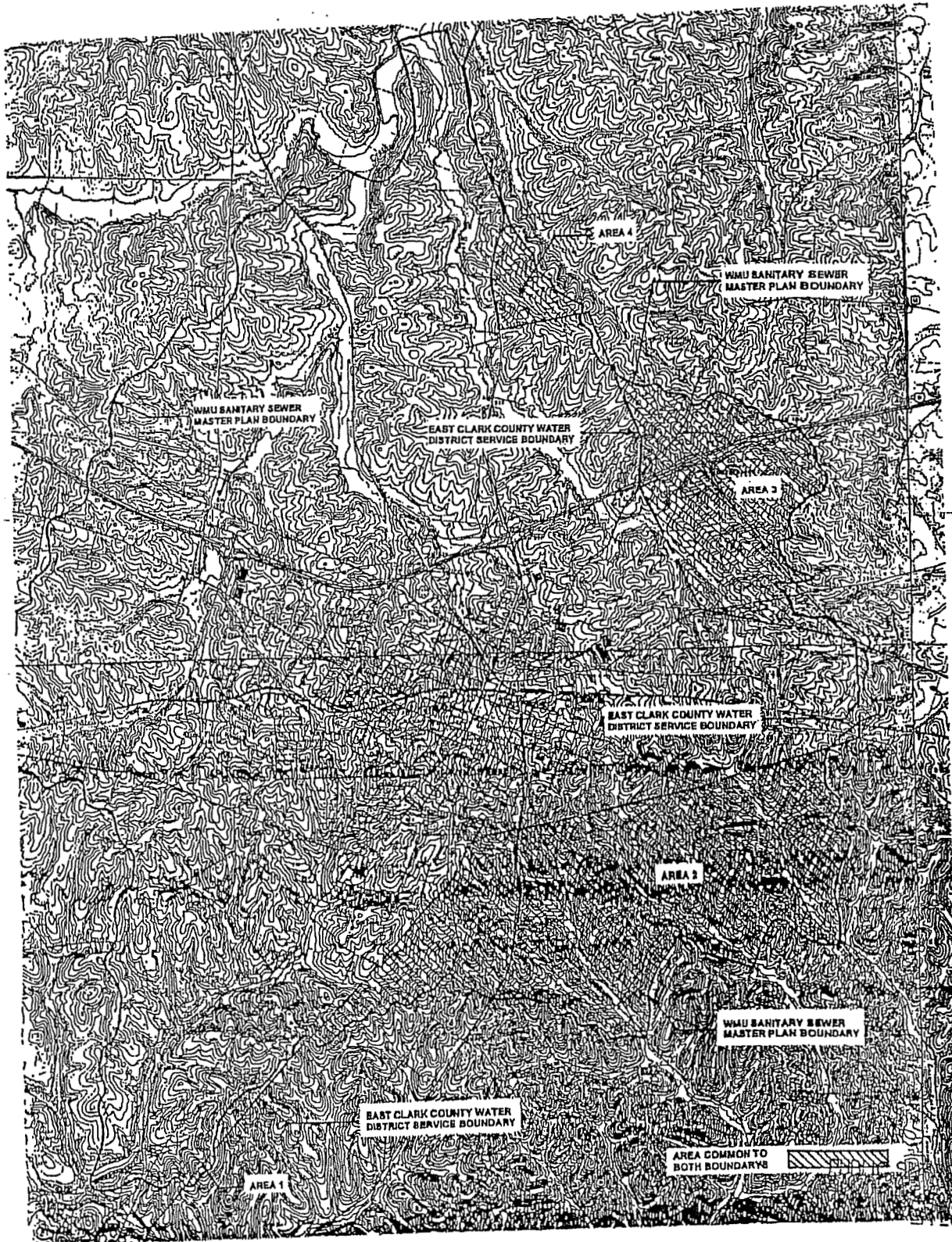
EXHIBIT "B"

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PURSUANT TO 807 KAR 5.011,
SECTION 9(1)
BY: *Stephan D. B...*

Sanitary Sewer Master Plan Boundary

Area 1

Beginning at a point in the East Clark County Water District Service Boundary ± 2100 feet northeast of Flanagan Station Road;
Thence curving around and intersecting the East Clark County Water District Service Boundary ± 3800 feet northeast of Flanagan Station Road.

Area 2

Beginning at a point in the East Clark County Water District Service Boundary ± 9300 feet northeast of Flanagan Station Road;
Thence southeast to a point ± 400 feet;
Thence running in a northeasterly direction ± 5500 feet to a point on Twomile Road ± 1800 feet northeast of the intersection of Twomile Road and Cole Road;
Thence running in a southeasterly direction ± 7600 feet to a point on Muddy Creek Road ± 1700 feet southeast of the intersection of Muddy Creek Road and Browning Lane;
Thence running in a northeasterly direction ± 400 feet to a point ± 3200 feet northeast of the intersection of Muddy Creek Road and Browning Lane;
Thence running in a southeasterly direction ± 2800 feet to a point ± 4300 feet west of the intersection of Highway 89 and Old Ruckerville Road;
Thence northeast ± 2000 feet to a point ± 3800 feet northwest of the intersection of Highway 89 and Old Ruckerville Road;
Thence running in a southeasterly direction ± 2300 feet to a point on Highway 89 ± 1600 feet northwest of the intersection of Highway 89 and Old Ruckerville Road;
Thence running in a northerly direction ± 7100 feet to a point in the East Clark County Water District Service Boundary ± 2100 feet west of the intersection of Highway 15 and Morris Road.

Area 3

Beginning at a point in the East Clark County Water District Service Boundary ± 1400 feet northwest of the intersection of Highway 15 and Morris Road;
Thence running in a northerly direction ± 2800 feet to a point on the Mountain Parkway ± 2900 feet southeast of the intersection of the Mountain Parkway and Ecton Road;
Thence running in a northwesterly direction ± 4800 feet to a point ± 1000 feet northwest of the intersection of the Mountain Parkway and Ecton Road;
Thence east to a point ± 500 feet northeast of the intersection of the Mountain Parkway and Ecton Road;
Thence running in a northerly direction ± 5600 feet to a point on Interstate 64 ± 6000 feet northeast of the intersection of Interstate 64 and US 60;
Thence running in a northeasterly direction ± 7100 feet to a point in the East Clark County Water District Service Boundary ± 4500 feet northwest of the intersection of Interstate 64 and US 60.

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BY: Stephan B. Bell
SECRETARY OF THE COMMISSION

JAN 20 2000

Area 4

Beginning at a point in the East Clark County Water District Service Boundary ± 3100 feet north east of US 627;

Thence running in a northwesterly direction ± 6800 feet to a point on US 627 ± 13800 feet north of the intersection of Interstate 64 and US 627.

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PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Stephan O. Bell
SECRETARY OF THE COMMISSION

EXHIBIT B

**Appendix B
Winchester Municipal Utilities
Water Cost of Service Model
FY 1999**

File ID: \BOB\Accounting\WMU Rates\W-rates.123

Date of Origin: 05/05/98

Date of Last Revision:

Thursday
02/11/99
07:34 AM
1999

Test Year

Thomson Environmental Network, Inc.

Rebecca P. Thomson, President

4025 Wetherburn Way

Suite 200

Norcross, Georgia 30092-4610

(770) 840-8010 Business Office

(770) 840-1006 Fax

(770) 993-1434 Home Office

List of Abbreviations Used in Tables

| | |
|-------|------------------------------------|
| AWWA | American Water Works Association |
| ECCWD | East Clark County Water District |
| CCF | 100 cubic feet (748.1 gallons) |
| CTI | Commonwealth Technologies, Inc. |
| EqFL | Equivalent Fire Line |
| EqM | Equivalent Meter |
| FY | Fiscal Year Ending June 30 |
| KAWC | Kentucky American Water Company |
| kgal | 1,000 gallons |
| MDD | Maximum Day Demand |
| mgd | million gallons per day |
| MHD | Maximum Hour Demand |
| MMADD | Maximum Month Average Daily Demand |
| O&M | Operations & Maintenance |
| S&T | Supply & Treatment |
| TEN | Thomson Environmental Network |
| T&D | Transmission & Distribution |
| WMU | Winchester Municipal Utilities |
| WTP | Water Treatment Plant |

Assumptions

Private Fire Line Rate Design Approach

Special Charge

Source of Peaking Factors Used

AWWA

Sent to Bill VIA Email

01/31/99

Sent to Becky VIA Email

02/10/99 (updated Plan 317)

02/11/99

Appendix B- Water Cost of Service Study

Page B-1

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Appendix B

Water Cost of Service Model

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Table B-1
Winchester Municipal Utilities
Billed Water Usage for Water Districts
FY 1998

| | ECCWD | KAWC | Total |
|-----------------------|--------------|-------------|--------------|
| | CCF | CCF | CCF |
| July | 12,424 | 14,036 | 26,460 |
| August | 12,045 | 11,785 | 23,830 |
| September | 13,508 | 18,942 | 32,450 |
| October | 13,443 | 17,379 | 30,822 |
| November | 11,280 | 15,034 | 26,314 |
| December | 12,674 | 15,958 | 28,632 |
| January | 12,424 | 13,378 | 25,802 |
| February | 13,625 | 12,635 | 26,260 |
| March | 16,353 | 7,576 | 23,929 |
| April | 11,866 | 13,522 | 25,488 |
| May | 13,807 | 12,609 | 26,416 |
| June | 13,684 | 15,568 | 29,252 |
| | 157,433 | 168,422 | 325,855 |
| Adjusted Total | 158,791 | 169,874 | 328,665 |
| Average Month | 13,233 | 14,156 | 27,389 |
| mgd | 0.3254 | 0.3481 | 0.6735 |
| Percent | 48.31% | 51.69% | 100.00% |

a. This data is from VMUs monthly Active Customers by Service Type reports.

Table B-2
Winchester Municipal Utilities
Billed Water Usage by Customer Class, CCF
FY 1998

| | Single Family Residential | Apartments & Multi Units | Commercial | Industrial | All Retail Classes | Water Districts | All Classes |
|---|------------------------------|-----------------------------|------------|------------|-----------------------|--------------------|----------------|
| Inside City (a) | | | | | | | |
| July | 29,663 | 7,848 | 11,565 | 28,156 | 75,232 | | 76,232 |
| August | 29,901 | 7,868 | 13,255 | 27,850 | 78,874 | | 78,874 |
| September | 32,968 | 8,268 | 14,195 | 31,066 | 86,497 | | 86,497 |
| October | 32,892 | 8,217 | 13,915 | 27,101 | 82,125 | | 82,125 |
| November | 28,087 | 7,803 | 12,285 | 28,548 | 76,723 | | 76,723 |
| December | 29,205 | 7,783 | 11,632 | 26,430 | 75,030 | | 75,030 |
| January | 26,827 | 7,124 | 9,801 | 24,621 | 68,373 | | 68,373 |
| February | 31,042 | 7,702 | 11,434 | 24,302 | 74,480 | | 74,480 |
| March | 31,517 | 8,327 | 12,306 | 24,891 | 77,041 | | 77,041 |
| April | 19,837 | 5,288 | 7,556 | 23,285 | 55,966 | | 55,966 |
| May | 28,224 | 7,417 | 12,316 | 25,049 | 73,006 | | 73,006 |
| June | 28,018 | 6,761 | 11,118 | 24,507 | 70,404 | | 70,404 |
| Total | 348,181 | 90,386 | 141,378 | 313,806 | 893,751 | | 893,751 |
| Average Month, kgal | 29,015 | 7,532 | 11,782 | 26,151 | 74,479 | | 74,479 |
| Percent of Class Inside City | 67.75% | 99.21% | 78.48% | 98.32% | 80.93% | 0.00% | 62.49% |
| Outside City (a) | | | | | | | |
| July | 13,708 | 47 | 4,078 | 697 | 18,530 | 26,460 | 44,990 |
| August | 14,878 | 53 | 4,481 | 471 | 19,883 | 23,830 | 43,713 |
| September | 17,388 | 65 | 5,304 | 467 | 23,224 | 32,450 | 55,674 |
| October | 15,125 | 54 | 4,194 | 460 | 19,833 | 30,822 | 50,655 |
| November | 13,938 | 38 | 2,697 | 640 | 17,311 | 26,314 | 43,825 |
| December | 14,205 | 56 | 2,972 | 487 | 17,720 | 28,832 | 46,552 |
| January | 12,425 | 59 | 3,394 | 282 | 16,160 | 25,802 | 41,962 |
| February | 14,288 | 107 | 2,738 | 189 | 17,302 | 26,260 | 43,562 |
| March | 15,258 | 87 | 3,071 | 408 | 18,824 | 23,928 | 42,753 |
| April | 8,071 | 28 | 1,521 | 330 | 9,950 | 25,488 | 35,438 |
| May | 13,366 | 68 | 1,371 | 510 | 15,305 | 26,416 | 41,721 |
| June | 13,098 | 66 | 2,995 | 414 | 16,573 | 29,252 | 45,825 |
| Total | 165,728 | 718 | 38,816 | 5,355 | 210,815 | 325,855 | 536,470 |
| Average Month, kgal | 13,811 | 60 | 3,235 | 446 | 17,551 | 27,155 | 44,706 |
| Percent of Class Outside City | 32.25% | 0.79% | 21.54% | 1.68% | 19.07% | 100.00% | 37.51% |
| Outside City Percent Retail vs Wholesale | | | | | 39.26% | 60.74% | |

Table B-2 (continued)
Winchester Municipal Utilities
Billed Water Usage by Customer Class, CCF (a)
FY 1998

| | Single Family Residential | Apartments & Multi Units | Commercial | Industrial | All Retail Classes | Water Districts | All Classes |
|------------------------------|------------------------------|-----------------------------|----------------|----------------|-----------------------|--------------------|------------------|
| WMU Total | | | | | | | |
| July | 43,046 | 7,891 | 15,843 | 28,846 | 93,426 | 27,753 | 121,179 |
| August | 44,779 | 7,821 | 17,736 | 28,321 | 98,757 | 23,818 | 122,575 |
| September | 50,356 | 8,333 | 19,499 | 31,533 | 109,721 | 32,440 | 142,161 |
| October | 48,501 | 8,271 | 18,109 | 27,561 | 100,442 | 30,812 | 131,254 |
| November | 42,025 | 7,839 | 14,982 | 29,188 | 94,034 | 26,306 | 120,340 |
| December | 43,825 | 7,819 | 14,605 | 28,917 | 93,166 | 26,822 | 121,988 |
| January | 39,252 | 7,183 | 13,196 | 24,903 | 84,534 | 25,794 | 110,328 |
| February | 45,310 | 7,809 | 14,172 | 24,491 | 91,782 | 29,095 | 120,877 |
| March | 46,522 | 8,667 | 15,377 | 25,289 | 95,866 | 30,940 | 126,805 |
| April | 27,908 | 5,316 | 9,078 | 23,615 | 65,915 | 17,854 | 83,569 |
| May | 41,590 | 7,475 | 15,487 | 25,559 | 90,111 | 27,100 | 117,211 |
| June | 41,116 | 8,827 | 14,113 | 24,921 | 86,977 | 28,131 | 115,108 |
| Total | 512,230 | 91,351 | 181,995 | 319,154 | 1,104,730 | 328,665 | 1,433,395 |
| Average Month, kgal | 42,686 | 7,613 | 15,166 | 26,596 | 92,061 | 27,389 | 119,450 |
| Percent of Total | 45.37% | 8.27% | 16.47% | 28.89% | 100.00% | 100.00% | 100.00% |
| Inside City (estimated) (c) | 347,043 | 90,633 | 142,791 | 313,799 | 894,046 | 0 | 894,046 |
| Outside City (estimated) (c) | 165,187 | 718 | 39,204 | 5,355 | 210,684 | 328,665 | 539,349 |

- a. This data is from WMUs monthly Active Customers by Service Type reports.
b. This data is derived from the Customer Analysis summarized in Appendix F.
c. Total allocated by the ratios from the first page of this table.

**Table B-3
Winchester Municipal Utilities
Extra Capacity by Customer Class
FY 1998**

| Class (a) | Max Day Peaking Factor | Max Hour Peaking Factor | Billable CCF per Year | Base CCF per Day | Max Day CCF per Day | Max Hour CCF per Day |
|---------------------------|------------------------------|-------------------------------|-----------------------------|------------------------|---------------------------|----------------------------|
| System | | | | | | |
| Single Family Residential | 2.50 | 4.00 | 512,230 | 1,403 | 2,105 | 4,210 |
| Apartments & Multi Units | 2.50 | 4.00 | 91,351 | 250 | 375 | 751 |
| Commercial | 2.00 | 3.25 | 181,995 | 499 | 499 | 1,122 |
| Industrial | 1.50 | 2.00 | 319,154 | 874 | 437 | 874 |
| Water Districts | 2.25 | 3.75 | 328,665 | 900 | 1,126 | 2,476 |
| CCF/Year | | | 1,433,395 | | | |
| MGD | | | 2.94 | | | |
| Inside City | | | | | | |
| Single Family Residential | 2.50 | 4.00 | 347,043 | 951 | 1,428 | 2,852 |
| Apartments & Multi Units | 2.50 | 4.00 | 90,633 | 248 | 372 | 745 |
| Commercial | 2.00 | 3.25 | 142,781 | 391 | 391 | 880 |
| Industrial | 1.50 | 2.00 | 313,799 | 860 | 430 | 860 |
| CCF/Year | | | 894,267 | | | |
| MGD | | | 1.83 | | | |
| Outside City | | | | | | |
| Single Family Residential | 2.50 | 4.00 | 165,187 | 453 | 679 | 1,358 |
| Apartments & Multi Units | 2.50 | 4.00 | 718 | 2 | 3 | 6 |
| Commercial | 2.00 | 3.25 | 38,204 | 107 | 107 | 242 |
| Industrial | 1.50 | 2.00 | 5,355 | 15 | 7 | 15 |
| Water Districts | 2.25 | 3.75 | 328,665 | 900 | 1,126 | 2,476 |
| CCF/Year | | | 639,128 | | | |
| MGD | | | 1.10 | | | |

a. From AWWA Manual M-1, page 25.

Peaking Factor Options

Single Family Residential
Apartments & Multi Units
Commercial
Industrial
Water Districts

| Calculated by TEN | | AWWA Example | |
|-------------------|------|--------------|------|
| 1.35 | 1.65 | 2.50 | 4.00 |
| 1.30 | 1.59 | 2.50 | 4.00 |
| 1.47 | 1.80 | 2.00 | 3.25 |
| 1.35 | 1.66 | 1.50 | 2.00 |
| 1.35 | 1.66 | 2.25 | 3.75 |

**Table B-4
Winchester Municipal Utilities
Water Bill by Customer Class
FY 1998**

| | Single Family Residential | Apartments & Multi Units | Commercial | Industrial | All Retail Classes | Water Districts | All Classes |
|--------------------------------------|------------------------------|-----------------------------|------------|------------|-----------------------|--------------------|----------------|
| Inside City (a) | | | | | | | |
| July | 5,367 | 143 | 610 | 50 | 6,170 | | 6,170 |
| August | 5,495 | 143 | 616 | 53 | 6,307 | | 6,307 |
| September | 5,413 | 144 | 612 | 50 | 6,219 | | 6,219 |
| October | 5,424 | 144 | 609 | 50 | 6,227 | | 6,227 |
| November | 5,415 | 145 | 617 | 50 | 6,227 | | 6,227 |
| December | 5,401 | 142 | 616 | 50 | 6,209 | | 6,209 |
| January | 5,436 | 143 | 621 | 51 | 6,251 | | 6,251 |
| February | 5,444 | 141 | 626 | 51 | 6,262 | | 6,262 |
| March | 5,451 | 146 | 633 | 51 | 6,281 | | 6,281 |
| April | 5,460 | 143 | 638 | 51 | 6,292 | | 6,292 |
| May | 5,489 | 142 | 639 | 51 | 6,321 | | 6,321 |
| June | 5,487 | 141 | 646 | 51 | 6,305 | | 6,305 |
| Total | 65,262 | 1,717 | 7,483 | 608 | 75,071 | | 75,071 |
| Average | 5,439 | 143 | 624 | 51 | 6,256 | | 6,256 |
| Percent of Class Inside City | 72.34% | 89.38% | 90.51% | 94.42% | 74.29% | | 74.27% |
| Outside City (a) | | | | | | | |
| July | 2,045 | 17 | 69 | 3 | 2,134 | 2 | 2,136 |
| August | 2,068 | 17 | 68 | 3 | 2,158 | 2 | 2,158 |
| September | 2,066 | 17 | 69 | 3 | 2,155 | 2 | 2,157 |
| October | 2,060 | 17 | 68 | 3 | 2,148 | 2 | 2,150 |
| November | 2,062 | 17 | 64 | 3 | 2,146 | 2 | 2,148 |
| December | 2,067 | 17 | 64 | 3 | 2,151 | 2 | 2,153 |
| January | 2,082 | 17 | 63 | 3 | 2,165 | 2 | 2,167 |
| February | 2,094 | 17 | 63 | 3 | 2,177 | 2 | 2,179 |
| March | 2,102 | 17 | 64 | 3 | 2,186 | 2 | 2,188 |
| April | 2,097 | 17 | 63 | 3 | 2,180 | 2 | 2,182 |
| May | 2,105 | 17 | 66 | 3 | 2,191 | 2 | 2,193 |
| June | 2,106 | 17 | 64 | 3 | 2,190 | 2 | 2,192 |
| Total | 24,954 | 204 | 785 | 36 | 25,979 | 24 | 26,003 |
| Average | 2,080 | 17 | 65 | 3 | 2,165 | 2 | 2,167 |
| Percent of Class Outside City | 27.66% | 10.62% | 9.49% | 5.58% | 25.71% | 100.00% | 25.73% |

Table B-4 (continued)
Winchester Municipal Utilities
Water Bills by Customer Class
FY 1998

| | Single Family Residential | Apartments & Multi Units | Commercial | Industrial | All Retail Classes | Water Districts | All Classes |
|------------------------------|------------------------------|-----------------------------|------------|------------|-----------------------|--------------------|----------------|
| Total WMO (b) | | | | | | | |
| July | 7,338 | 160 | 625 | 51 | 8,174 | 2 | 8,176 |
| August | 7,546 | 160 | 630 | 54 | 8,390 | 2 | 8,392 |
| September | 7,486 | 161 | 631 | 52 | 8,310 | 2 | 8,312 |
| October | 7,465 | 161 | 626 | 52 | 8,304 | 2 | 8,306 |
| November | 7,464 | 162 | 630 | 52 | 8,308 | 2 | 8,310 |
| December | 7,445 | 159 | 629 | 52 | 8,285 | 2 | 8,287 |
| January | 7,496 | 160 | 633 | 53 | 8,341 | 2 | 8,343 |
| February | 7,516 | 158 | 638 | 53 | 8,365 | 2 | 8,367 |
| March | 7,522 | 163 | 647 | 53 | 8,385 | 2 | 8,387 |
| April | 7,526 | 160 | 649 | 54 | 8,389 | 2 | 8,391 |
| May | 7,565 | 158 | 653 | 53 | 8,430 | 2 | 8,432 |
| June | 7,534 | 158 | 658 | 53 | 8,403 | 2 | 8,405 |
| Total | 89,882 | 1,921 | 7,649 | 632 | 100,084 | 24 | 100,108 |
| Average Month, kgal | 7,490 | 160 | 637 | 53 | 8,340 | 2 | 8,342 |
| Percent of Total | 89.79% | 1.92% | 7.64% | 0.63% | 99.98% | 0.02% | 100.00% |
| Inside City (estimated) (c) | 5,418 | 143 | 577 | 50 | 6,196 | 0 | 6,196 |
| Outside City (estimated) (c) | 2,072 | 17 | 61 | 3 | 2,144 | 2 | 2,146 |

a. This data is from the monthly Active Customers by Service Type reports. Apartments and Multi Units customers are stated in terms of units.

b. This data is derived from the Customer Analysis summarized in Appendix F. Apartments and Multi Units customers are stated in terms of bills.

c. Total allocated by the ratios from the first page of this table.

**Table B-5
Winchester Municipal Utilities
Equivalent Meters
FY 1998**

| Meter Sizes | Meter Equivalents (a) | Retail Meters | Equivalent Meters | Fire Lines | Equivalent Fire Lines | EqMa * EqFLs |
|--------------|--------------------------|------------------|----------------------|------------|--------------------------|-----------------|
| System | | | | | | |
| 5/8-Inch | 1.00 | 8,415 | 8,415 | 0 | 0 | 8,415 |
| 3/4-Inch | 1.50 | 9 | 14 | 0 | 0 | 14 |
| 1-Inch | 2.50 | 148 | 370 | 0 | 0 | 370 |
| 1 1/2-Inch | 5.00 | 56 | 280 | 0 | 0 | 280 |
| 2-Inch | 8.00 | 241 | 1,928 | 0 | 0 | 1,928 |
| 3-Inch | 18.00 | 5 | 80 | 0 | 0 | 80 |
| 4-Inch | 25.00 | 14 | 350 | 10 | 250 | 600 |
| 6-Inch | 50.00 | 0 | 0 | 40 | 2,000 | 2,000 |
| 8-Inch | 80.00 | 0 | 0 | 27 | 2,160 | 2,160 |
| 10-Inch | 115.00 | 0 | 0 | 13 | 1,495 | 1,495 |
| Total | | 8,888 | 11,437 | 90 | 5,905 | 17,342 |
| Inside City | | | | | | |
| 5/8-Inch | 1.00 | 6,216 | 6,216 | 0 | 0 | 6,216 |
| 3/4-Inch | 1.50 | 9 | 14 | 0 | 0 | 14 |
| 1-Inch | 2.50 | 114 | 285 | 0 | 0 | 285 |
| 1 1/2-Inch | 5.00 | 55 | 275 | 0 | 0 | 275 |
| 2-Inch | 8.00 | 233 | 1,864 | 0 | 0 | 1,864 |
| 3-Inch | 16.00 | 4 | 64 | 0 | 0 | 64 |
| 4-Inch | 25.00 | 10 | 250 | 10 | 250 | 500 |
| 6-Inch | 50.00 | 0 | 0 | 37 | 1,850 | 1,850 |
| 8-Inch | 80.00 | 0 | 0 | 26 | 2,080 | 2,080 |
| 10-Inch | 115.00 | 0 | 0 | 11 | 1,265 | 1,265 |
| Total | | 6,641 | 8,968 | 84 | 5,445 | 14,413 |

Table B-5 (continued)
Winchester Municipal Utilities
Equivalent Meters
FY 1999

| Meter Size | Meter Equivalents (a) | Retail Meters | Equivalent Meters | Fire Lines | Equivalent Fire Lines | EqMs + EqFLs |
|----------------------------|--------------------------|-------------------------|------------------------|------------------------------|-----------------------------|-----------------------|
| Outside City Retail | | | | | | |
| 5/8-inch | 1.00 | 2,199 | 2,199 | 0 | 0 | 2,199 |
| 3/4-inch | 1.50 | 0 | 0 | 0 | 0 | 0 |
| 1-inch | 2.50 | 34 | 85 | 0 | 0 | 85 |
| 1 1/2-inch | 5.00 | 1 | 5 | 0 | 0 | 5 |
| 2-inch | 8.00 | 7 | 56 | 0 | 0 | 56 |
| 3-inch | 16.00 | 0 | 0 | 0 | 0 | 0 |
| 4-inch | 25.00 | 2 | 50 | 0 | 0 | 50 |
| 6-inch | 50.00 | 0 | 0 | 3 | 150 | 150 |
| 8-inch | 80.00 | 0 | 0 | 1 | 80 | 80 |
| 10-inch | 115.00 | 0 | 0 | 2 | 230 | 230 |
| Total | | 2,243 | 2,395 | 6 | 460 | 2,855 |
| Water Districts | | | | | | |
| | | ECCWD Meters | KAWC Meters | ECCWD Equivalents | KAWC Equivalents | EqM Totals |
| 5/8-inch | 1.00 | 0 | 0 | 0 | 0 | 0 |
| 3/4-inch | 1.50 | 0 | 0 | 0 | 0 | 0 |
| 1-inch | 2.50 | 0 | 0 | 0 | 0 | 0 |
| 1 1/2-inch | 5.00 | 0 | 0 | 0 | 0 | 0 |
| 2-inch | 8.00 | 1 | 4 | 8 | 32 | 40 |
| 3-inch | 16.00 | 1 | 0 | 16 | 0 | 16 |
| 4-inch | 25.00 | 2 | 2 | 50 | 50 | 100 |
| 6-inch | 50.00 | 0 | 0 | 0 | 0 | 0 |
| 8-inch | 80.00 | 0 | 0 | 0 | 0 | 0 |
| 10-inch | 115.00 | 0 | 0 | 0 | 0 | 0 |
| Total | | 4 | | 74 | 82 | 156 |

a. From AWWA, M-1, p 24

**Table B-6
Winchester Municipal Utilities
Water Production and System Peaking Factors
FY 1998**

| FY 1998 | Gallons Produced | Maximum Day Gallons | Average Day Gallons |
|--|-----------------------------|------------------------------------|------------------------------------|
| System Demands (a) | | | |
| Monthly Demand | | | |
| July | 126,935,481 | 4,673,464 | 4,094,693 |
| August | 120,522,853 | 4,355,570 | 3,887,834 |
| September | 111,690,328 | 4,397,048 | 3,723,011 |
| October | 114,634,514 | 4,206,184 | 3,697,888 |
| November | 101,887,833 | 4,107,027 | 3,396,261 |
| December | 103,375,413 | 3,719,163 | 3,334,691 |
| January | 108,841,247 | 3,864,041 | 3,511,008 |
| February | 96,029,987 | 4,597,868 | 3,429,642 |
| March | 98,588,184 | 3,556,982 | 3,180,264 |
| April | 98,526,387 | 3,689,544 | 3,217,546 |
| May | 114,457,895 | 4,811,441 | 3,682,190 |
| June | 113,381,726 | 4,469,586 | 3,779,391 |
| Total Demand | 1,306,871,828 | | |
| Average Daily Demand (ADD) | | Observed (a) 3,580,471 | TM 2(c) 3,580,471 |
| Maximum Day Demand (MDD) | | 4,673,464 | 5,728,753 |
| Month of MDD Occurrence | | July | |
| Estimated Maximum Hour Demand (MHD)(b) | | 6,776,523 | 8,306,692 |
| Maximum Month ADD (MMADD) | | 4,094,693 | 5,019,293 |
| Month of Occurrence | | July | |
| System Peaking Factors | | | |
| | | Observed (a) | TM 2(c) |
| MDD/ADD | | 1.31 | 1.60 |
| MHD/ADD (b) | | 1.89 | 2.32 |
| MDD/MMADD | | 1.14 | 1.14 |
| MHD/MDD(b) | | 1.45 | 1.45 |
| MHD/MMADD | | 1.65 | 1.65 |

a. From WMU monthly water treatment plant production records, FY 1998.

b. Derived from AWWA Idealized Diurnal Demand Curve. MDD/ADD peaking factor times 1.45.

c. From CTI, Technical Memorandum No. 2. Demand factors used in planning and in this model.

**Table B-7
Winchester Municipal Utilities
Allocation Factors for O&M Operational Functions**

| | Allocation Factor | Allocations to Major Operational Functions (a) | | |
|------------------------------|-------------------|--|-------------------------------|------------------|
| | | Supply and Treatment | Transmission and Distribution | Customer Service |
| Water Production | WTP | 100.00% | 0.00% | 0.00% |
| Water Distribution | TD | 0.00% | 100.00% | 0.00% |
| Wages | TDW | 0.00% | 68.00% | 32.00% |
| Vehicle Oper./Maint. | TDV | 0.00% | 85.00% | 15.00% |
| Heavy Equipment Oper./Maint. | TDE | 0.00% | 100.00% | 0.00% |
| Purch./M&R - Small Equip. | TDSE | 0.00% | 90.00% | 10.00% |
| Water Repurchase - ECCWD | ECCWP | 0.00% | 100.00% | 0.00% |
| Administrative Services | AS | 0.00% | 0.00% | 100.00% |
| Engineering | E | 5.00% | 10.00% | 85.00% |
| Operations | O | 25.00% | 25.00% | 50.00% |
| Vehicle Maintenance | VM | 10.00% | 75.00% | 15.00% |

a. Allocations developed by WMU engineering staff.

**Table B-8
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999**

| Department 1200 Water Treatment | FY 1999 Budget | Allocation Factor Used (a) | Allocations to Operational Functions | | |
|---|-------------------|----------------------------------|--------------------------------------|-------------------------------------|---------------------|
| | | | Supply and Treatment | Transmission and Distribution | Customer Service |
| Employee Expenses | | | | | |
| 1202 Wages | \$249,435 | WTP | \$249,435 | \$0 | \$0 |
| 1203 Overtime Wages | 18,768 | WTP | 18,768 | 0 | 0 |
| 1204 Capitalized Wages | 0 | WTP | 0 | 0 | 0 |
| 1205 Maint/Repair by Vehicle Dept | 842 | WTP | 842 | 0 | 0 |
| 1206 Social Security Tax - FICA | 20,255 | WTP | 20,255 | 0 | 0 |
| 1208 Unemployment Insurance | 0 | WTP | 0 | 0 | 0 |
| 1210 Workman's Compensation | 9,203 | WTP | 9,203 | 0 | 0 |
| 1211 Physician Fees | 800 | WTP | 800 | 0 | 0 |
| 1212 Health Insurance | 39,657 | WTP | 39,657 | 0 | 0 |
| 1213 Life Insurance | 1,260 | WTP | 1,260 | 0 | 0 |
| 1214 Pension Plan | 21,764 | WTP | 21,764 | 0 | 0 |
| 1215 Dues and Memberships | 300 | WTP | 300 | 0 | 0 |
| 1216 Uniforms/Safety Equipment | 10,000 | WTP | 10,000 | 0 | 0 |
| 1217 Safety Program | 2,865 | WTP | 2,865 | 0 | 0 |
| 1218 Education and Licenses | 1,070 | WTP | 1,070 | 0 | 0 |
| Total Employee Expenses | \$376,219 | | \$376,219 | \$0 | \$0 |
| Other O&M Expenses | | | | | |
| 1219 Purchased Labor | \$500 | WTP | \$500 | \$0 | \$0 |
| 1220 Vehicle Operation | 2,500 | WTP | 2,500 | 0 | 0 |
| 1221 Vehicle Maintenance/Repair | 2,500 | WTP | 2,500 | 0 | 0 |
| 1222 Landfill Charges | 0 | WTP | 0 | 0 | 0 |
| 1223 Landfill Closure Expense | 0 | WTP | 0 | 0 | 0 |
| 1224 Heavy Equip - Operation | 100 | WTP | 100 | 0 | 0 |
| 1225 Heavy Equip - Maint/Repair | 0 | WTP | 0 | 0 | 0 |
| 1226 Heavy Equip - Rental/Pick Up | 0 | WTP | 0 | 0 | 0 |
| 1230 Purch Maint/Repair - Fixed Assets | 45,000 | WTP | 45,000 | 0 | 0 |
| 1231 Field Supplies | 250 | WTP | 250 | 0 | 0 |
| 1232 Matl for Maint/Repair - Fixed Assets | 20,000 | WTP | 20,000 | 0 | 0 |
| 1234 Small Equipment - Repr & Oper | 1,500 | WTP | 1,500 | 0 | 0 |
| 1235 Meter Repairs | 0 | WTP | 0 | 0 | 0 |
| 1236 Maintenance Agreements | 0 | WTP | 0 | 0 | 0 |
| 1237 Small Equipment - Purch & Rental | 3,000 | WTP | 3,000 | 0 | 0 |
| 1238 Small Tools and Minor Equipment | 800 | WTP | 800 | 0 | 0 |

Table B-8 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

| Department 1200 Water Treatment | FY 1999 Budget | Allocation Factor Used (a) | Allocations to Operational Functions | | |
|---------------------------------------|-------------------|----------------------------------|--------------------------------------|-------------------------------------|---------------------|
| | | | Supply and Treatment | Transmission and Distribution | Customer Service |
| 1240 Electricity | \$256,200 | WTP | \$256,200 | \$0 | \$0 |
| 1241 Heating Fuel | 0 | WTP | 0 | 0 | 0 |
| 1242 Water | 0 | WTP | 0 | 0 | 0 |
| 1244 Telephone | 2,640 | WTP | 2,640 | 0 | 0 |
| 1246 Property Insurance | 25,955 | WTP | 25,955 | 0 | 0 |
| 1249 Furniture and Fixtures | 700 | WTP | 700 | 0 | 0 |
| 1250 Office Supplies | 400 | WTP | 400 | 0 | 0 |
| 1251 Printing | 150 | WTP | 150 | 0 | 0 |
| 1252 Postage | 600 | WTP | 600 | 0 | 0 |
| 1254 Subscriptions and Publications | 50 | WTP | 50 | 0 | 0 |
| 1255 Public Relations | 0 | WTP | 0 | 0 | 0 |
| 1256 Computer Services | 500 | WTP | 500 | 0 | 0 |
| 1257 Computer Supplies | 200 | WTP | 200 | 0 | 0 |
| 1260 Chemical Treatment Supplies | 100,000 | WTP | 100,000 | 0 | 0 |
| 1263 Film Processing | 250 | WTP | 250 | 0 | 0 |
| 1264 Laboratory Supplies | 7,000 | WTP | 7,000 | 0 | 0 |
| 1265 Outside Laboratory Analysis | 8,000 | WTP | 8,000 | 0 | 0 |
| 1270 Travel Expenses | 2,200 | WTP | 2,200 | 0 | 0 |
| 1272 Meeting Expenses | 0 | WTP | 0 | 0 | 0 |
| 1274 Bad Debt Expense | 0 | WTP | 0 | 0 | 0 |
| 1276 Advertising | 300 | WTP | 300 | 0 | 0 |
| 1278 Right of Way Rentals & Easements | 0 | WTP | 0 | 0 | 0 |
| 1280 Professional Fees | 25,000 | WTP | 25,000 | 0 | 0 |
| 1281 Professional Fees - IPT Program | 0 | WTP | 0 | 0 | 0 |
| 1282 Honorariums | 0 | WTP | 0 | 0 | 0 |
| 1283 Collection Service Charge | 0 | WTP | 0 | 0 | 0 |
| 1284 Miscellaneous Employee Benefits | 0 | WTP | 0 | 0 | 0 |
| 1285 Discounts | 0 | WTP | 0 | 0 | 0 |
| 1286 Service Charges | 0 | WTP | 0 | 0 | 0 |
| 1288 Cash Over/Short | 0 | WTP | 0 | 0 | 0 |
| 1290 Cleaning Supplies | 2,600 | WTP | 2,600 | 0 | 0 |
| Total Other O&M Expenses | \$508,895 | | \$508,895 | \$0 | \$0 |
| Total Water Treatment | \$885,114 | | \$885,114 | \$0 | \$0 |

Table B-8 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

| Department 1300 Water Distribution | FY 1999 Budget | Allocation Factor Used (a) | Allocations to Operational Functions | | |
|---|-------------------|----------------------------------|--------------------------------------|-------------------------------------|---------------------|
| | | | Supply and Treatment | Transmission and Distribution | Customer Service |
| Employee Expenses | | | | | |
| 1302 Wages | \$188,582 | TDW | \$0 | \$128,236 | \$60,346 |
| 1303 Overtime Wages | 22,658 | TDW | 0 | 15,407 | 7,251 |
| 1304 Capitalized Wages | 0 | TDW | 0 | 0 | 0 |
| 1305 Maint/Repair by Vehicle Dept | 7,896 | TDW | 0 | 5,369 | 2,527 |
| 1306 Social Security Tax - FICA | 17,518 | TDW | 0 | 11,912 | 5,606 |
| 1308 Unemployment Insurance | 0 | TDW | 0 | 0 | 0 |
| 1310 Workman's Compensation | 7,883 | TDW | 0 | 5,360 | 2,523 |
| 1311 Physician Fees | 2,000 | TDW | 0 | 1,360 | 840 |
| 1312 Health Insurance | 41,350 | TDW | 0 | 28,118 | 13,232 |
| 1313 Life Insurance | 924 | TDW | 0 | 628 | 296 |
| 1314 Pension Plan | 18,823 | TDW | 0 | 12,800 | 6,023 |
| 1315 Dues and Memberships | 625 | TDW | 0 | 425 | 200 |
| 1316 Uniforms/Safety Equipment | 4,230 | TDW | 0 | 2,876 | 1,354 |
| 1317 Safety Program | 2,580 | TDW | 0 | 1,741 | 819 |
| 1318 Education and Licenses | 800 | TDW | 0 | 408 | 192 |
| Total Employee Expenses | \$315,649 | | \$0 | \$214,841 | \$101,008 |
| Other O&M Expenses | | | | | |
| 1319 Purchased Labor | \$4,000 | TD | \$0 | \$4,000 | \$0 |
| 1320 Vehicle Operation | 6,000 | TDV | 0 | 5,100 | 900 |
| 1321 Vehicle Maintenance/Repair | 5,400 | TDV | 0 | 4,590 | 810 |
| 1322 Landfill Charges | 0 | TD | 0 | 0 | 0 |
| 1323 Landfill Closure Expense | 0 | TD | 0 | 0 | 0 |
| 1324 Heavy Equip - Operation | 1,800 | TDE | 0 | 1,800 | 0 |
| 1325 Heavy Equip - Maint/Repair | 3,000 | TDE | 0 | 3,000 | 0 |
| 1326 Heavy Equip - Rental/Pick Up | 600 | TDE | 0 | 600 | 0 |
| 1330 Purch Maint/Repair - Fixed Assets | 9,000 | TD | 0 | 9,000 | 0 |
| 1331 Field Supplies | 1,800 | TD | 0 | 1,800 | 0 |
| 1332 Matl for Maint/Repair - Fixed Assets | 32,000 | TD | 0 | 32,000 | 0 |
| 1334 Small Equipment - Repr & Oper | 3,600 | TDSE | 0 | 3,240 | 360 |
| 1335 Meter Repairs | 2,400 | TD | 0 | 2,400 | 0 |
| 1336 Maintenance Agreements | 2,300 | TD | 0 | 2,300 | 0 |
| 1337 Small Equipment - Purch & Rental | 3,000 | TD | 0 | 3,000 | 0 |
| 1338 Small Tools and Minor Equipment | 1,500 | TD | 0 | 1,500 | 0 |

Table B-8 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

| Department 1300 Water Distribution | FY 1999 Budget | Allocation Factor Used (e) | Allocations to Operational Functions | | |
|---------------------------------------|-------------------|----------------------------------|--------------------------------------|-------------------------------------|---------------------|
| | | | Supply and Treatment | Transmission and Distribution | Customer Service |
| 1340 Electricity | \$8,290 | TD | \$0 | \$8,290 | \$0 |
| 1341 Heating Fuel | 0 | TD | 0 | 0 | 0 |
| 1342 Water Repurchase ECCWD | 40,250 | ECCWP | 0 | 40,250 | 0 |
| 1344 Telephone | 680 | TD | 0 | 680 | 0 |
| 1346 Property Insurance | 16,744 | TD | 0 | 16,744 | 0 |
| 1349 Furniture and Fixtures | 200 | TD | 0 | 200 | 0 |
| 1350 Office Supplies | 170 | TD | 0 | 170 | 0 |
| 1351 Printing | 1,000 | TDV | 0 | 850 | 150 |
| 1352 Postage | 120 | TD | 0 | 120 | 0 |
| 1354 Subscriptions and Publications | 60 | TD | 0 | 60 | 0 |
| 1355 Public Relations | 0 | TD | 0 | 0 | 0 |
| 1356 Computer Services | 0 | TD | 0 | 0 | 0 |
| 1357 Computer Supplies | 120 | TD | 0 | 120 | 0 |
| 1360 Chemical Treatment Supplies | 160 | TD | 0 | 160 | 0 |
| 1363 Film Processing | 120 | TD | 0 | 120 | 0 |
| 1364 Laboratory Supplies | 360 | TD | 0 | 360 | 0 |
| 1365 Outside Laboratory Analysis | 2,400 | TD | 0 | 2,400 | 0 |
| 1370 Travel Expenses | 648 | TD | 0 | 648 | 0 |
| 1372 Meeting Expenses | 0 | TD | 0 | 0 | 0 |
| 1374 Bad Debt Expense | 0 | TD | 0 | 0 | 0 |
| 1376 Advertising | 120 | AS | 0 | 0 | 120 |
| 1378 Right of Way Rentals & Easements | 0 | TD | 0 | 0 | 0 |
| 1380 Professional Fees | 500 | TD | 0 | 500 | 0 |
| 1381 Professional Fees - IPT Program | 0 | TD | 0 | 0 | 0 |
| 1382 Honorariums | 0 | TD | 0 | 0 | 0 |
| 1383 Collection Service Charge | 600 | TD | 0 | 600 | 0 |
| 1384 Miscellaneous Employee Benefits | 0 | TD | 0 | 0 | 0 |
| 1385 Discounts | 0 | TD | 0 | 0 | 0 |
| 1386 Service Charges | 0 | TD | 0 | 0 | 0 |
| 1388 Cash Over/Short | 0 | TD | 0 | 0 | 0 |
| 1390 Cleaning Supplies | 540 | TD | 0 | 540 | 0 |
| Total Other O&M Expenses | \$149,482 | | \$0 | \$147,142 | \$2,340 |
| Total Water Distribution | \$465,131 | | \$0 | \$381,783 | \$103,348 |

Table B-8 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

| Other Departments | Allocations to Operational Functions | | | | |
|---|--------------------------------------|----------------------------------|----------------------------|-------------------------------------|---------------------|
| | FY 1999 Budget | Allocation Factor Used (a) | Supply and Treatment | Transmission and Distribution | Customer Service |
| Administrative Services | \$328,074 | AS | \$0 | \$0 | \$328,074 |
| Engineering | 69,347 | E | 3,467 | 6,935 | 58,945 |
| Operations | 106,661 | O | 26,665 | 26,665 | 53,331 |
| Vehicle Maintenance | 9,538 | VM | 954 | 7,154 | 1,431 |
| Total O&M Revenue Requirements | \$1,863,865 | | \$916,200 | \$402,537 | \$545,128 |
| Functional Allocation Percentages | 100.00% | | 49.16% | 21.60% | 29.25% |
| Less Operating Offsets | (\$100,077) | | (\$49,194) | (\$21,614) | (\$29,270) |
| Total O&M Required from Rates | \$1,763,788 | | \$867,007 | \$380,923 | \$515,858 |
| a. From Table B-7. | | | | | |

Table B-9
Winchester Municipal Utilities
Development of Cost Allocation Factors from Water Production Data
FY 1998

| | Base | Maximum Day | Maximum Hour | Customer | Total |
|-----------------------------|--------|-------------|--------------|----------|---------|
| System Demand, mgd | 3.580 | 5.729 | 8.307 | | |
| Extra Demand | 3.58 | 2.15 | 2.58 | | |
| Allocation Percentages (b) | | | | | |
| Supply & Treatment | 82.50% | 37.50% | | | 100.00% |
| Transmission & Distribution | 43.10% | 25.86% | 31.03% | | 100.00% |
| Customer | 20.00% | | | 80.00% | 100.00% |

a. Calculated on the basis of information in Table B-6.

b. MDD extra demand is maximum day demand minus average daily demand. Maximum hour extra demand is maximum hour demand minus maximum day demand.

These percentages, derived from the Extra Demand numbers, are the basis for O&M and capital allocations to cost of service functions in Table B-10.

Table B-10
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements by Operational Function to Cost of Service Functions
FY 1999

| Department 1200 Water Supply & Treatment | FY 1999 Budget | Allocations to Cost of Service Functions (a) | | | | |
|---|-------------------|--|------------------|-----------------|------------|--|
| | | Base | Extra Capacity | | Customer | |
| | | | Maximum Day | Maximum Hour | | |
| Employee Expenses | | | | | | |
| 1202 Wages | \$249,435 | \$155,897 | \$93,538 | \$0 | \$0 | |
| 1203 Overtime Wages | 18,768 | 11,730 | 7,038 | 0 | 0 | |
| 1204 Capitalized Wages | 0 | 0 | 0 | 0 | 0 | |
| 1206 Maint/Repair by Vehicle Dept | 842 | 526 | 316 | 0 | 0 | |
| 1206 Social Security Tax - FICA | 20,255 | 12,659 | 7,596 | 0 | 0 | |
| 1208 Unemployment Insurance | 0 | 0 | 0 | 0 | 0 | |
| 1210 Workman's Compensation | 9,203 | 5,762 | 3,451 | 0 | 0 | |
| 1211 Physician Fees | 800 | 500 | 300 | 0 | 0 | |
| 1212 Health Insurance | 39,657 | 24,786 | 14,871 | 0 | 0 | |
| 1213 Life Insurance | 1,260 | 788 | 473 | 0 | 0 | |
| 1214 Pension Plan | 21,764 | 13,603 | 8,162 | 0 | 0 | |
| 1215 Dues and Memberships | 300 | 188 | 113 | 0 | 0 | |
| 1216 Uniforms/Safety Equipment | 10,000 | 6,250 | 3,750 | 0 | 0 | |
| 1217 Safety Program | 2,865 | 1,791 | 1,074 | 0 | 0 | |
| 1218 Education and Licenses | 1,070 | 669 | 401 | 0 | 0 | |
| Total Employee Expenses | \$376,219 | \$235,137 | \$141,082 | \$0 | \$0 | |
| Other O&M Expenses | | | | | | |
| 1219 Purchased Labor | \$500 | \$313 | \$188 | \$0 | \$0 | |
| 1220 Vehicle Operation | 2,500 | 1,563 | 938 | 0 | 0 | |
| 1221 Vehicle Maintenance/Repair | 2,500 | 1,563 | 938 | 0 | 0 | |
| 1222 Landfill Charges | 0 | 0 | 0 | 0 | 0 | |
| 1223 Landfill Closure Expense | 0 | 0 | 0 | 0 | 0 | |
| 1224 Heavy Equip - Operation | 100 | 63 | 38 | 0 | 0 | |
| 1225 Heavy Equip - Maint/Repair | 0 | 0 | 0 | 0 | 0 | |
| 1226 Heavy Equip - Rental/Pick Up | 0 | 0 | 0 | 0 | 0 | |
| 1230 Purch Maint/Repair - Fixed Assets | 45,000 | 28,125 | 16,875 | 0 | 0 | |
| 1231 Field Supplies | 250 | 156 | 94 | 0 | 0 | |
| 1232 Mat'l for Maint/Repair - Fixed Assets | 20,000 | 12,500 | 7,500 | 0 | 0 | |
| 1234 Small Equipment - Repr & Oper | 1,500 | 938 | 563 | 0 | 0 | |
| 1235 Meter Repairs | 0 | 0 | 0 | 0 | 0 | |
| 1236 Maintenance Agreements | 0 | 0 | 0 | 0 | 0 | |
| 1237 Small Equipment - Purch & Rental | 3,000 | 1,875 | 1,125 | 0 | 0 | |
| 1238 Small Tools and Minor Equipment | 800 | 500 | 300 | 0 | 0 | |

Table B-10 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements by Operational Function to Cost of Service Functions
FY 1999

| Department 1200 Water Supply & Treatment | FY 1999 Budget | | Allocations to Cost of Service Functions (a) | | | |
|---|-------------------|--|--|------------------|-----------------|------------|
| | | | Base | Extra Capacity | | Customer |
| | | | | Maximum Day | Maximum Hour | |
| 1240 Electricity | \$258,200 | | \$160,125 | \$96,075 | \$0 | \$0 |
| 1241 Heating Fuel | 0 | | 0 | 0 | 0 | 0 |
| 1242 Water | 0 | | 0 | 0 | 0 | 0 |
| 1244 Telephone | 2,640 | | 1,650 | 990 | 0 | 0 |
| 1246 Property Insurance | 25,955 | | 16,222 | 9,733 | 0 | 0 |
| 1249 Furniture and Fixtures | 700 | | 438 | 263 | 0 | 0 |
| 1250 Office Supplies | 400 | | 250 | 150 | 0 | 0 |
| 1251 Printing | 150 | | 94 | 56 | 0 | 0 |
| 1252 Postage | 600 | | 375 | 225 | 0 | 0 |
| 1254 Subscriptions and Publications | 50 | | 31 | 19 | 0 | 0 |
| 1255 Public Relations | 0 | | 0 | 0 | 0 | 0 |
| 1256 Computer Services | 500 | | 313 | 188 | 0 | 0 |
| 1257 Computer Supplies | 200 | | 125 | 75 | 0 | 0 |
| 1260 Chemical Treatment Supplies | 100,000 | | 62,500 | 37,500 | 0 | 0 |
| 1263 Film Processing | 250 | | 156 | 94 | 0 | 0 |
| 1264 Laboratory Supplies | 7,000 | | 4,375 | 2,625 | 0 | 0 |
| 1265 Outside Laboratory Analysis | 8,000 | | 5,000 | 3,000 | 0 | 0 |
| 1270 Travel Expenses | 2,200 | | 1,375 | 825 | 0 | 0 |
| 1272 Meeting Expenses | 0 | | 0 | 0 | 0 | 0 |
| 1274 Bad Debt Expense | 0 | | 0 | 0 | 0 | 0 |
| 1276 Advertising | 300 | | 188 | 113 | 0 | 0 |
| 1278 Right of Way Rentals & Easements | 0 | | 0 | 0 | 0 | 0 |
| 1280 Professional Fees | 25,000 | | 15,625 | 9,375 | 0 | 0 |
| 1281 Professional Fees - IPT Program | 0 | | 0 | 0 | 0 | 0 |
| 1282 Honorariums | 0 | | 0 | 0 | 0 | 0 |
| 1283 Collection Service Charge | 0 | | 0 | 0 | 0 | 0 |
| 1284 Miscellaneous Employee Benefits | 0 | | 0 | 0 | 0 | 0 |
| 1285 Discounts | 0 | | 0 | 0 | 0 | 0 |
| 1286 Service Charges | 0 | | 0 | 0 | 0 | 0 |
| 1288 Cash Over/Short | 0 | | 0 | 0 | 0 | 0 |
| 1290 Cleaning Supplies | 2,600 | | 1,625 | 975 | 0 | 0 |
| Total Other O&M Expenses | \$508,895 | | \$318,059 | \$180,836 | \$0 | \$0 |
| Total Water Treatment | \$885,114 | | \$553,196 | \$331,918 | \$0 | \$0 |

Table B-10 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements to Operational Functions
FY 1999

| Department 1300 Water Transmission & Distribution | FY 1999 Budget | | Allocations to Cost of Service Functions (a) | | | |
|--|-------------------|--|--|-----------------|-----------------|-----------------|
| | | | Base | Extra Capacity | | Customer |
| | | | | Maximum Day | Maximum Hour | |
| Employee Expenses | | | | | | |
| 1302 Wages | \$188,582 | | \$67,343 | \$33,164 | \$39,797 | \$48,277 |
| 1303 Overtime Wages | 22,658 | | 8,081 | 3,985 | 4,782 | 5,800 |
| 1304 Capitalized Wages | 0 | | 0 | 0 | 0 | 0 |
| 1305 Maint/Repair by Vehicle Dept | 7,898 | | 2,820 | 1,389 | 1,666 | 2,021 |
| 1306 Social Security Tax - FICA | 17,518 | | 6,256 | 3,081 | 3,697 | 4,485 |
| 1308 Unemployment Insurance | 0 | | 0 | 0 | 0 | 0 |
| 1310 Workman's Compensation | 7,883 | | 2,815 | 1,386 | 1,664 | 2,018 |
| 1311 Physician Fees | 2,000 | | 714 | 352 | 422 | 512 |
| 1312 Health Insurance | 41,350 | | 14,766 | 7,272 | 8,728 | 10,586 |
| 1313 Life Insurance | 824 | | 330 | 162 | 195 | 237 |
| 1314 Pension Plan | 18,823 | | 6,722 | 3,310 | 3,972 | 4,819 |
| 1315 Dues and Memberships | 625 | | 223 | 110 | 132 | 160 |
| 1316 Uniforms/Safety Equipment | 4,230 | | 1,511 | 744 | 893 | 1,083 |
| 1317 Safety Program | 2,560 | | 914 | 450 | 540 | 655 |
| 1318 Education and Licenses | 800 | | 214 | 106 | 127 | 154 |
| Total Employee Expenses | \$315,649 | | \$112,719 | \$55,511 | \$66,513 | \$80,806 |
| Other O&M Expenses | | | | | | |
| 1319 Purchased Labor | \$4,000 | | \$1,724 | \$1,034 | \$1,241 | \$0 |
| 1320 Vehicle Operation | 6,000 | | 2,378 | 1,319 | 1,583 | 720 |
| 1321 Vehicle Maintenance/Repair | 5,400 | | 2,140 | 1,187 | 1,424 | 648 |
| 1322 Landfill Charges | 0 | | 0 | 0 | 0 | 0 |
| 1323 Landfill Closure Expense | 0 | | 0 | 0 | 0 | 0 |
| 1324 Heavy Equip - Operation | 1,800 | | 776 | 466 | 559 | 0 |
| 1325 Heavy Equip - Maint/Repair | 3,000 | | 1,293 | 776 | 931 | 0 |
| 1326 Heavy Equip - Rental/Pick Up | 600 | | 259 | 155 | 186 | 0 |
| 1330 Purch Maint/Repair - Fixed Assets | 9,000 | | 3,879 | 2,328 | 2,793 | 0 |
| 1331 Field Supplies | 1,800 | | 776 | 466 | 559 | 0 |
| 1332 Mat'l for Maint/Repair - Fixed Assets | 32,000 | | 13,793 | 8,276 | 9,931 | 0 |
| 1334 Small Equipment - Repr & Oper | 3,600 | | 1,469 | 838 | 1,006 | 288 |
| 1335 Meter Repairs | 2,400 | | 1,034 | 621 | 745 | 0 |
| 1336 Maintenance Agreements | 2,300 | | 991 | 595 | 714 | 0 |
| 1337 Small Equipment - Purch & Rental | 3,000 | | 1,293 | 776 | 931 | 0 |
| 1338 Small Tools and Minor Equipment | 1,500 | | 647 | 388 | 466 | 0 |

Table B-10 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements by Operational Function to Cost of Service Functions
FY 1999

| Department 1300 Water Transmission & Distribution | FY 1999 Budget | | Allocations to Cost of Service Functions (a) | | | |
|--|-------------------|--|--|-----------------|------------------|-----------------|
| | | | Base | Extra Capacity | | Customer |
| | | | | Maximum Day | Maximum Hour | |
| 1340 Electricity | \$8,290 | | \$3,573 | \$2,144 | \$2,573 | \$0 |
| 1341 Heating Fuel | 0 | | 0 | 0 | 0 | 0 |
| 1342 Water | 40,260 | | 17,349 | 10,409 | 12,491 | 0 |
| 1344 Telephone | 680 | | 293 | 176 | 211 | 0 |
| 1346 Property Insurance | 16,744 | | 7,217 | 4,330 | 5,186 | 0 |
| 1349 Furniture and Fixtures | 200 | | 86 | 52 | 62 | 0 |
| 1350 Office Supplies | 170 | | 73 | 44 | 53 | 0 |
| 1351 Printing | 1,000 | | 396 | 220 | 264 | 120 |
| 1352 Postage | 120 | | 52 | 31 | 37 | 0 |
| 1354 Subscriptions and Publications | 60 | | 26 | 16 | 19 | 0 |
| 1355 Public Relations | 0 | | 0 | 0 | 0 | 0 |
| 1356 Computer Services | 0 | | 0 | 0 | 0 | 0 |
| 1357 Computer Supplies | 120 | | 52 | 31 | 37 | 0 |
| 1360 Chemical Treatment Supplies | 160 | | 69 | 41 | 50 | 0 |
| 1363 Film Processing | 120 | | 52 | 31 | 37 | 0 |
| 1364 Laboratory Supplies | 360 | | 155 | 93 | 112 | 0 |
| 1365 Outside Laboratory Analysis | 2,400 | | 1,034 | 621 | 745 | 0 |
| 1370 Travel Expenses | 648 | | 279 | 168 | 201 | 0 |
| 1372 Meeting Expenses | 0 | | 0 | 0 | 0 | 0 |
| 1374 Bad Debt Expense | 0 | | 0 | 0 | 0 | 0 |
| 1376 Advertising | 120 | | 24 | 0 | 0 | 96 |
| 1378 Right of Way Rentals & Easements | 0 | | 0 | 0 | 0 | 0 |
| 1380 Professional Fees | 500 | | 216 | 129 | 155 | 0 |
| 1381 Professional Fees - IPT Program | 0 | | 0 | 0 | 0 | 0 |
| 1382 Honorariums | 0 | | 0 | 0 | 0 | 0 |
| 1383 Collection Service Charge | 600 | | 259 | 155 | 186 | 0 |
| 1384 Miscellaneous Employee Benefits | 0 | | 0 | 0 | 0 | 0 |
| 1385 Discounts | 0 | | 0 | 0 | 0 | 0 |
| 1386 Service Charges | 0 | | 0 | 0 | 0 | 0 |
| 1388 Cash Over/Short | 0 | | 0 | 0 | 0 | 0 |
| 1390 Cleaning Supplies | 540 | | 233 | 140 | 168 | 0 |
| Total Other O&M Expenses | \$149,482 | | \$63,891 | \$38,054 | \$45,865 | \$1,872 |
| Total Water Distribution | \$465,131 | | \$176,611 | \$93,565 | \$112,278 | \$82,678 |

Table B-10 (continued)
Winchester Municipal Utilities
Allocation of O&M Revenue Requirements To Operational Functions
FY 1999

| Other Departments Administrative Services | FY 1999 Budget | Base | Allocations to Cost of Service Functions (e) | | |
|---|--------------------|-------------------|--|------------------|-------------------|
| | | | Extra Capacity | | Customer |
| | | | Medium Day | Maximum Hour | |
| Engineering | \$69,347 | \$16,945 | \$3,084 | \$2,152 | \$47,156 |
| Operations | \$106,681 | \$38,826 | \$16,896 | \$8,276 | \$42,694 |
| Vehicle Maintenance | \$8,538 | \$3,968 | \$2,208 | \$2,220 | \$1,145 |
| Total Operating Expense | \$1,863,865 | \$855,158 | \$447,679 | \$124,925 | \$436,102 |
| Allocation Percentages | 100.00% | 45.88% | 24.02% | 6.70% | 23.40% |
| Less Operating Offsets | (\$100,077) | (\$45,916) | (\$24,037) | (\$6,708) | (\$23,416) |
| Total Operating Revenue Required from Rates | \$1,763,788 | \$809,242 | \$423,642 | \$118,218 | \$412,686 |
| a. Allocated on the basis of factors from Table B-9. | | | | | |

Table B-11
Winchester Municipal Utilities
Water System Assets (a)
FY 1999

| Fixed Asset | Original Cost | Depreciation to Date | Net Book Value | Estimated Annual Depreciation |
|---------------------------|---------------------|----------------------|---------------------|-------------------------------|
| Distribution | \$4,569,184 | \$1,183,887 | \$3,385,307 | \$91,384 |
| Hydrants | 101,768 | 50,827 | 50,941 | 4,071 |
| Meters | 308,234 | 149,801 | 158,433 | 30,823 |
| Misc 3 -Fixed Equip | 158,057 | 159,057 | 0 | 0 |
| Misc 4- Fixed Equip | 6,120 | 4,738 | 1,381 | 1,530 |
| Misc 5- Equip-Transm | 44,632 | 30,089 | 14,544 | 8,926 |
| Misc 7- Equip | 125,522 | 59,803 | 65,719 | 17,932 |
| Misc 10- Transm Equip | 1,514,065 | 369,817 | 1,144,248 | 151,407 |
| Misc 15- Transm Equip | 202,489 | 99,912 | 102,587 | 13,500 |
| Misc 20- WTP Equip | 932,102 | 342,124 | 589,979 | 46,605 |
| Misc 25- WTP & Equip | 3,034,051 | 1,844,059 | 1,189,992 | 121,362 |
| Misc 34- WTP Equip | 955 | 885 | 70 | 28 |
| Misc 50- Storage & Transm | 10,970,671 | 3,091,177 | 7,879,494 | 219,413 |
| New Investment | 23,025,000 | 0 | 23,025,000 | 460,500 |
| Services-50 Years | 634,076 | 35,875 | 479,201 | 12,682 |
| Administrative Services | 797,677 | 348,358 | 449,320 | 39,287 |
| Engineering | 17,756 | 8,866 | 8,889 | 1,896 |
| Vehicle Maintenance | 152,538 | 42,353 | 110,185 | 8,216 |
| System Total | \$46,595,917 | \$7,821,626 | \$38,855,292 | \$1,229,542 |
| Percent | | | | |

a. From WMU Depreciation Listing, June 30, 1998.

b. FY 1999 forecast depreciation is assumed to be equal to FY 1998 actual depreciation, with the exception that fully depreciated line items have been omitted.

Table B-12
Winchester Municipal Utilities
Calculation of Weighted Average Rate of Return
FY 1999

| | Assets (a) | Interest Rate | Rate of Return (d) |
|--------------------|--------------|---------------|--------------------|
| Debt (a) | \$31,168,220 | 5.25% | 4.2331% |
| Equity (b) | 7,487,072 | 11.00% | 2.1308% |
| Net Book Value (c) | \$38,655,292 | | 6.3637% |

- a. Outstanding principal as of June 30, 1998, plus planned debt issues over the next two years.
b. Net book value minus debt.
c. From Table B-11.
d. The weighted cost of capital is the percent for line item, times the assets for line item divided by net book value.

Table B-13
Winchester Municipal Utilities
Allocation of Water Assets and Capital Cost to Outside City Customers-Utility Basis
FY 1999

| Fixed Asset Category | Percent Allocated to Outside City Customers | Allocation Basis (b) | Allocated Net Book Value | Outside City Capital Cost of Service | |
|----------------------------------|---|-------------------------|-----------------------------------|---|---|
| | | | | Allocated FY 1999 Depreciation | Return at 6.36% Rate of Return (b) |
| Distribution | 25.73% | Bills | \$670,928 | \$23,510 | \$55,423 |
| Hydrants | 26.00% | Hydrants | 13,246 | 1,058 | 843 |
| Meters | 25.73% | Bills | 40,780 | 7,930 | 2,594 |
| Misc 3 -Fixed Equip | 37.51% | CCF | 0 | 0 | 0 |
| Misc 4- Fixed Equip | 37.51% | CCF | 518 | 574 | 33 |
| Misc 5- Equip-Transm | 37.51% | CCF | 5,455 | 3,348 | 347 |
| Misc 7- Equip | 37.51% | CCF | 24,651 | 6,726 | 1,569 |
| Misc 10- Transm Equip | 37.51% | CCF | 429,203 | 56,792 | 27,313 |
| Misc 15- Transm Equip | 37.51% | CCF | 38,480 | 5,064 | 2,449 |
| Misc 20- WTP Equip | 37.51% | CCF | 221,299 | 17,481 | 14,083 |
| Misc 25- WTP & Equip | 37.51% | CCF | 446,361 | 45,522 | 28,405 |
| Misc 34- WTP Equip | 37.51% | CCF | 26 | 11 | 2 |
| Misc 50- Storage & Transm | 37.51% | CCF | 2,955,566 | 82,301 | 188,084 |
| New Investment | 37.51% | CCF | 8,636,583 | 172,732 | 549,607 |
| Services-50 Years | 25.73% | Bills | 123,283 | 3,263 | 7,845 |
| Administrative Services | 25.73% | Bills | 115,595 | 10,102 | 7,356 |
| Engineering | 37.51% | CCF | 3,334 | 711 | 212 |
| Vehicle Maintenance | 37.51% | CCF | 41,330 | 3,082 | 2,630 |
| System Total | | | \$13,986,617 | \$440,207 | \$888,795 |
| Overall Percent Allocated | | | 36.13% | | |

a. Percentages for outside city allocations are from Table B-2 and Table B-4.

b. Net book value from Table B-11 times outside city percent.

c. Annual depreciation from Table B-11 times outside city percent.

d. Net book value allocated to outside city customers times the rate of return from Table B-12.

**Table B-14
Winchester Municipal Utilities
Allocation Factors for Fixed Assets
FY 1999**

| Asset Category | Net Book Value(a) | Cost of Service Allocation Factors (b) | | | Cost of Service Allocations (b) | | |
|---------------------------|---------------------|--|-----------------------------|------------------|---------------------------------|---------------------|------------------|
| | | Supply & Treatment | Transmission & Distribution | Customer Service | Treatment | Distribution | Customer Service |
| Distribution | \$3,385,307 | 0.00% | 100.00% | 0.00% | \$0 | \$3,385,307 | \$0 |
| Hydrants | 50,941 | 0.00% | 100.00% | 0.00% | 0 | 50,941 | 0 |
| Meters | 158,433 | 0.00% | 100.00% | 0.00% | 0 | 158,433 | 0 |
| Misc 3- Fixed Equip | 0 | 0.00% | 100.00% | 0.00% | 0 | 0 | 0 |
| Misc 4- Fixed Equip | 1,381 | 100.00% | 0.00% | 0.00% | 1,381 | 0 | 0 |
| Misc 5- Equip-Transm | 14,544 | 0.00% | 100.00% | 0.00% | 0 | 14,544 | 0 |
| Misc 7- Equip | 65,719 | 50.00% | 50.00% | 0.00% | 32,859 | 32,859 | 0 |
| Misc 10- Transm Equip | 1,144,248 | 0.00% | 100.00% | 0.00% | 0 | 1,144,248 | 0 |
| Misc 15- Transm Equip | 102,587 | 0.00% | 100.00% | 0.00% | 0 | 102,587 | 0 |
| Misc 20- WTP Equip | 589,979 | 100.00% | 0.00% | 0.00% | 589,979 | 0 | 0 |
| Misc 25- WTP & Equip | 1,189,992 | 100.00% | 0.00% | 0.00% | 1,189,992 | 0 | 0 |
| Misc 34- WTP Equip | 70 | 100.00% | 0.00% | 0.00% | 70 | 0 | 0 |
| Misc 50- Storage & Transm | 7,879,494 | 0.00% | 100.00% | 0.00% | 0 | 7,879,494 | 0 |
| New Investment | 23,025,000 | 76.00% | 24.00% | 0.00% | 17,499,000 | 5,526,000 | 0 |
| Services-50 Years | 479,201 | 90.00% | 10.00% | 0.00% | 431,281 | 47,920 | 0 |
| Administrative Services | 449,320 | 25.00% | 25.00% | 50.00% | 112,330 | 112,330 | 224,660 |
| Engineering | 8,889 | 5.00% | 10.00% | 85.00% | 444 | 889 | 7,556 |
| Vehicle Maintenance | 110,185 | 10.00% | 75.00% | 15.00% | 11,019 | 82,639 | 16,528 |
| Total Asset Base | \$38,655,292 | | | | \$19,868,356 | \$18,538,192 | \$248,744 |
| Allocation Percent | | | | | 51.40% | 47.96% | 0.64% |

| | | | | |
|--|--------------------|--------------------|--------------------|------------------|
| Total Capital Revenue Requirement | \$3,408,010 | \$1,751,676 | \$1,634,403 | \$21,930 |
| Less Capital Offsets | (\$376,269) | (\$193,398) | (\$180,450) | (\$2,421) |
| Total Capital Revenue Required from Rates | \$3,031,740 | \$1,558,278 | \$1,453,953 | \$19,509 |

a. From Table B-11.
b. Allocation percentages developed by WMU engineering staff.
c. From Table C-2.

Table B-15
Winchester Municipal Utilities
Allocation of Net Book Value to Cost of Service Functions
FY 1999

| Asset Category | Net Book Value (a) | | Allocations to Cost of Service Functions (b) | | | |
|-------------------------------|---------------------|--|--|-------------------------------|--------------------|------------------|
| | | | Base | Extra Capacity Maximum Day | Maximum Hour | Customer Service |
| Distribution | \$3,385,307 | | \$1,459,184 | \$875,510 | \$1,050,612 | \$0 |
| Hydrants | 50,941 | | 21,957 | 13,174 | 15,809 | 0 |
| Meters | 158,433 | | 68,290 | 40,974 | 49,189 | 0 |
| Misc 3 -Fixed Equip | 0 | | 0 | 0 | 0 | 0 |
| Misc 4- Fixed Equip | 1,381 | | 863 | 518 | 0 | 0 |
| Misc 5- Equip-Transm | 14,644 | | 6,269 | 3,761 | 4,514 | 0 |
| Misc 7- Equip | 65,719 | | 34,701 | 20,820 | 10,198 | 0 |
| Misc 10- Transm Equip | 1,144,248 | | 493,211 | 295,926 | 355,112 | 0 |
| Misc 15- Transm Equip | 102,587 | | 44,219 | 26,531 | 31,837 | 0 |
| Misc 20- WTP Equip | 589,979 | | 368,737 | 221,242 | 0 | 0 |
| Misc 25- WTP & Equip | 1,189,992 | | 743,745 | 446,247 | 0 | 0 |
| Misc 34- WTP Equip | 70 | | 44 | 26 | 0 | 0 |
| Misc 50- Storage & Transm | 7,879,494 | | 3,396,334 | 2,037,800 | 2,445,360 | 0 |
| New Investment | 23,025,000 | | 13,318,772 | 7,991,263 | 1,714,966 | 0 |
| Services-50 Years | 479,201 | | 290,208 | 174,124 | 14,872 | 0 |
| Administrative Services | 449,320 | | 118,624 | 71,175 | 34,861 | 224,660 |
| Engineering | 8,889 | | 661 | 397 | 276 | 7,556 |
| Vehicle Maintenance | 110,185 | | 42,507 | 25,504 | 25,847 | 16,528 |
| Total Asset Base | \$38,655,292 | | \$20,408,322 | \$12,244,993 | \$5,753,232 | \$248,744 |
| Allocation Percentages | 100.00% | | 52.80% | 31.68% | 14.88% | 0.64% |

a. From Table B-11.

b. Allocated according to percentages from Table B-14.

Table B-16
Winchester Municipal Utilities
Allocation of Outside City Depreciation to Cost of Service Functions
FY 1999

| Asset Category | Depreciation Allocated Outside City (a) | Allocations to Cost of Service Functions (b) | | | |
|------------------------------|--|--|------------------|-----------------|---------------------|
| | | Base | Extra Capacity | | Customer Service |
| | | | Maximum Day | Maximum Hour | |
| Distribution | \$23,510 | \$10,134 | \$6,080 | \$7,286 | \$0 |
| Hydrants | 1,058 | 456 | 274 | 328 | 0 |
| Meters | 7,930 | 3,418 | 2,051 | 2,461 | 0 |
| Misc 3- Fixed Equip | 0 | 0 | 0 | 0 | 0 |
| Misc 4- Fixed Equip | 574 | 359 | 215 | 0 | 0 |
| Misc 5- Equip-Transm | 3,348 | 1,443 | 886 | 1,039 | 0 |
| Misc 7- Equip | 6,728 | 3,652 | 2,131 | 1,044 | 0 |
| Misc 10- Transm Equip | 56,782 | 24,479 | 14,688 | 17,625 | 0 |
| Misc 15- Transm Equip | 5,064 | 2,183 | 1,310 | 1,572 | 0 |
| Misc 20- WTP Equip | 17,481 | 10,928 | 6,556 | 0 | 0 |
| Misc 25- WTP & Equip | 45,522 | 28,451 | 17,071 | 0 | 0 |
| Misc 34- WTP Equip | 11 | 7 | 4 | 0 | 0 |
| Misc 50- Storage & Transm | 82,301 | 35,475 | 21,285 | 25,542 | 0 |
| New Investment | 172,732 | 99,916 | 59,850 | 12,866 | 0 |
| Services-50 Years | 3,263 | 1,976 | 1,186 | 101 | 0 |
| Administrative Services | 10,102 | 2,687 | 1,600 | 784 | 5,051 |
| Engineering | 711 | 53 | 32 | 22 | 805 |
| Vehicle Maintenance | 3,082 | 1,189 | 713 | 717 | 462 |
| Total Assets Employed | \$440,207 | \$226,683 | \$136,010 | \$71,397 | \$6,118 |
| Allocation Percent | 100.00% | 51.49% | 30.90% | 16.22% | 1.39% |

a. From Table B-13.

b. Allocated according to the resulting percentages from Table B-15.

Table B-17
Winchester Municipal Utilities
Allocation of Outside City Return to Cost of Service Functions
Winchester Municipal Utilities

| Asset Category | Return Allocated Outside City (a) | | Allocations to Cost of Service Functions (b) | | | |
|---------------------------|--|--|--|------------------|------------------|---------------------|
| | | | Base | Extra Capacity | | Customer Service |
| | | | | Maximum Day | Maximum Hour | |
| Distribution | \$55,423 | | \$23,889 | \$14,334 | \$17,200 | \$0 |
| Hydrants | 843 | | 363 | 218 | 282 | 0 |
| Meters | 2,584 | | 1,118 | 671 | 805 | 0 |
| Misc 3 -Fixed Equip | 0 | | 0 | 0 | 0 | 0 |
| Misc 4- Fixed Equip | 33 | | 21 | 12 | 0 | 0 |
| Misc 5- Equip-Transm | 347 | | 150 | 90 | 108 | 0 |
| Misc 7- Equip | 1,569 | | 828 | 497 | 243 | 0 |
| Misc 10- Transm Equip | 27,313 | | 11,773 | 7,064 | 8,477 | 0 |
| Misc 15- Transm Equip | 2,449 | | 1,055 | 633 | 760 | 0 |
| Misc 20- WTP Equip | 14,083 | | 8,802 | 5,281 | 0 | 0 |
| Misc 25- WTP & Equip | 28,405 | | 17,753 | 10,652 | 0 | 0 |
| Misc 34- WTP Equip | 2 | | 1 | 1 | 0 | 0 |
| Misc 50- Storage & Transm | 188,084 | | 81,070 | 48,642 | 58,371 | 0 |
| New Investment | 549,607 | | 317,919 | 190,751 | 40,936 | 0 |
| Services-50 Years | 7,845 | | 4,751 | 2,851 | 243 | 0 |
| Administrative Services | 7,358 | | 1,942 | 1,165 | 571 | 3,678 |
| Engineering | 212 | | 16 | 9 | 7 | 180 |
| Vehicle Maintenance | 2,630 | | 1,015 | 608 | 612 | 395 |
| Total Return | \$888,795 | | \$472,467 | \$283,480 | \$128,594 | \$4,253 |
| Allocation Percent | 100.00% | | 53.16% | 31.89% | 14.47% | 0.48% |

a. From Table B-13.

b. Allocated according to the resulting percentages from Table B-15.

Table B-18
Winchester Municipal Utilities
Total Capital Revenue Requirements of Inside and Outside City Customer Classes
FY 1999

| Capital Budget | FY 1999 Forecast Capital Revenue Requirements | Percent (f) | Allocations to Cost of Service Functions | | | |
|--|---|-------------|--|--------------------|------------------|---------------------|
| | | | Base | Extra Capacity | | Customer Service |
| | | | | Maximum Day | Maximum Hour | |
| Outside City Customers | | | | | | |
| Depreciation (a) | \$440,207 | | \$226,683 | \$136,010 | \$71,397 | \$6,118 |
| Return (b) | \$888,795 | | \$472,467 | \$283,480 | \$128,584 | \$4,253 |
| Total Outside City Capital Revenue Requirement | \$1,329,002 | | \$699,150 | \$419,490 | \$199,991 | \$10,371 |
| Allocated to Retail | \$521,758 | 39.26% | \$274,482 | \$164,889 | \$78,515 | \$4,071 |
| Allocated to Water Districts | \$807,243 | 60.74% | \$424,668 | \$254,801 | \$121,476 | \$6,299 |
| Inside City Customers | | | | | | |
| Debt Service (c) | \$2,875,910 | | \$1,518,356 | \$911,014 | \$428,034 | \$18,506 |
| Transfers (c) | \$32,100 | | \$280,926 | \$168,555 | \$79,195 | \$3,424 |
| Capital Revenue Requirements | \$3,408,010 | | \$1,799,282 | \$1,079,569 | \$507,229 | \$21,930 |
| Less Capital Revenue Offsets (d) | (\$376,269) | | (\$198,654) | (\$119,192) | (\$56,002) | (\$2,421) |
| Total Capital Rev Required from Rates | \$3,031,740 | | \$1,600,628 | \$960,377 | \$451,227 | \$19,509 |
| Less Outside City Capital | (\$1,329,002) | | (\$699,150) | (\$419,490) | (\$199,991) | (\$10,371) |
| Net Capital Revenue Required From Inside City Rates | \$1,702,739 | | \$901,478 | \$540,887 | \$251,236 | \$9,138 |
| Total Allocation Percent | 100.00% | | 52.94% | 31.77% | 14.75% | 0.54% |
| Total Revenue Requirements | | | | | | |
| O&M Rev Req from Rates (e) | \$1,763,788 | | \$809,242 | \$423,642 | \$118,218 | \$412,686 |
| Inside City Capital | 1,702,739 | | 901,478 | 540,887 | 251,236 | 9,138 |
| Outside City Capital | 1,329,002 | | 699,150 | 419,490 | 199,991 | 10,371 |
| Total Revenue Required from Rates | \$4,795,528 | | \$2,409,870 | \$1,384,019 | \$569,444 | \$432,195 |

- a. From Table B-16.
b. From Table B-17.
c. From Table C-2.
d. From Table C-3.
e. From Table B-10.
f. Allocated on the basis of OCF ratios from Table B-2.

**Table B-19
Winchester Municipal Utilities
Retail Water Demands by Block
FY 1999**

| | Block 1 0-1 CCF | Block 2 >1-5 CCF | Block 3 >5-20 CCF | Block 4 >20-170 CCF | Block 5 >170-3500 CCF | Block 6 >3500 CCF | Total |
|---|-----------------------|------------------------|-------------------------|---------------------------|-----------------------------|-------------------------|-----------|
| Billing Data | | | | | | | |
| Billing Data Terminating in Blocks | | | | | | | |
| Consumption by Block, CCF | 0 | 161,011 | 366,917 | 132,609 | 348,707 | 424,151 | 1,433,395 |
| Percent of Volume by Block | | 11.23% | 25.60% | 9.25% | 24.33% | 29.59% | |
| Bills per Year | 4,775 | 50,140 | 42,146 | 2,567 | 520 | 25 | 100,173 |
| Percent of Bills by Block | | 50.05% | 42.07% | 2.56% | 0.52% | 0.02% | 95.23% |
| CCF Billable at Each Block Rate | | | | | | | |
| Block 1 (0-1 CCF) | 4,775 | | | | | | 4,775 |
| Block 2 (>1-5 CCF) | 50,140 | 110,871 | | | | | 161,011 |
| Block 3 (>5-20 CCF) | 42,146 | 168,584 | 156,187 | | | | 366,917 |
| Block 4 (>20-170 CCF) | 2,567 | 10,268 | 38,505 | 81,269 | | | 132,609 |
| Block 5 (>170-3500 CCF) | 520 | 2,080 | 7,800 | 78,000 | 260,307 | | 348,707 |
| Block 6 (>3500 CCF) | 25 | 100 | 375 | 3,750 | 83,250 | 336,651 | 424,151 |
| Total Billable CCF | 100,173 | 291,903 | 202,867 | 163,019 | 343,557 | 336,651 | 1,438,170 |
| Current Inside Rate | \$2.73 | \$1.99 | \$1.88 | \$1.77 | \$1.37 | \$0.85 | |
| Less Billable CCF from Water Districts | 0 | 47 | 10 | 1,938 | 95,900 | 230,770 | 328,665 |
| Total Billable CCF from Retail Customers | 100,173 | 291,856 | 202,857 | 161,081 | 247,657 | 105,881 | 1,109,505 |
| Retail Percent by Block | 9.03% | 26.31% | 18.28% | 14.52% | 22.32% | 9.54% | 100.00% |
| Total Billable Retail CCF less Zero Bills | 95,388 | 291,856 | 202,857 | 161,081 | 247,657 | 105,881 | 1,104,730 |
| Estimated Retail Demand by Block and Class | | | | | | | |
| Inside City | 79,144 | 230,589 | 160,273 | 127,266 | 195,688 | 105,881 | 898,821 |
| Outside City | 21,029 | 61,267 | 42,584 | 33,815 | 51,969 | 0 | 210,684 |
| Total | | | | | | | 1,109,505 |

a. This data is from the Customer Analysis. See Appendix F for details.

b. Billing Data includes Water Districts

c. CCF in each block is calculated on the basis of the number of bills terminating in that block.

Table B-20
Winchester Municipal Utilities
Rate Design Option 1-Status Quo Declining Blocks
FY 1999

| Option 1(a) Rate Category | Minimum Bills or CCF Sold(b) | Current Rates | Revenue Generated | Revised Rates (c) | Percent Change | Revenue Generated |
|---|------------------------------------|------------------|----------------------|----------------------|-------------------|----------------------|
| Inside City Retail | | | | | | |
| Block 1 (0-1 CCF) | 79,144 | \$2.73 | \$216,064 | \$5.49 | 101% | \$434,502 |
| Block 2 (>1-5 CCF) | 230,589 | \$1.89 | 458,871 | \$4.00 | 101% | 922,354 |
| Block 3 (>5-20 CCF) | 160,273 | \$1.88 | 301,312 | \$3.78 | 101% | 605,830 |
| Block 4 (>20-170 CCF) | 127,266 | \$1.77 | 225,261 | \$3.56 | 101% | 453,068 |
| Block 5 (>170-3500 CCF) | 195,688 | \$1.37 | 268,065 | \$2.76 | 101% | 540,044 |
| Block 6 (>3500 CCF) | 105,881 | \$0.85 | 88,988 | \$1.71 | 101% | 181,057 |
| Total or Average | 898,821 | \$1.74 | \$1,559,573 | \$3.49 | | \$3,136,855 |
| Outside City Retail | | | | | | |
| Block 1 (0-1 CCF) | 21,029 | \$3.53 | \$74,231 | \$7.10 | 101% | \$149,304 |
| Block 2 (>1-5 CCF) | 61,267 | \$2.62 | 160,521 | \$5.27 | 101% | 322,880 |
| Block 3 (>5-20 CCF) | 42,584 | \$2.45 | 104,332 | \$4.93 | 101% | 209,942 |
| Block 4 (>20-170 CCF) | 33,815 | \$2.33 | 78,788 | \$4.68 | 101% | 158,591 |
| Block 5 (>170-3500 CCF) | 51,989 | \$1.77 | 92,021 | \$3.56 | 101% | 185,081 |
| Block 6 (>3500 CCF) | 0 | \$1.25 | 0 | \$2.51 | 101% | 0 |
| Total or Average | 210,684 | \$2.42 | \$509,893 | \$4.87 | | \$1,025,797 |
| Retail Subtotal | 1,109,505 | | \$2,069,466 | | | 4,162,651 |
| Percent Retail Increase | | | | | 101.15% | |
| Water Districts (d) | 328,665 | \$0.96 | \$315,518 | \$1.93 | 101% | 634,323 |
| Total or Average | 1,438,170 | | \$2,384,984 | \$3.34 | | \$4,796,975 |
| Revenue Requirement | | | | | | \$4,795,528 |
| Surplus(Shortfall) | | | | | | \$1,447 |
| Outside/Inside Differential by Rate | | 1.29 | | 1.29 | | |
| Outside/Inside Differential by Average Unit Cost | | 1.39 | | 1.40 | | |
| Minimum Across the Board Rate Increase Required | | | | | | 101.10% |

a. This option assumes revised rates will keep the same relative ratios to each other as existing rates.

b. From Table B-19.

c. The revised rates are the minimum necessary to generate the total revenue requirement from Table B-18.

All rates are rounded off to the nearest penny.

d. According to WMU's contracts, Water District rates may increase by the percentage of the average retail rate increase.

Table B-21
Winchester Municipal Utilities
Rate Design Option 2-Declining Blocks with Recalculated Inside/Outside Differential
FY 1999

| Option 2 (a) Revenue Requirements (b) | Revenue Required From Rates | Allocated | | Outside Allocations | | |
|--|--------------------------------------|------------------|----------------------|----------------------|----------------------|----------------------|
| | | Inside City | Outside City | Retail | Outside Districts | |
| O&M Revenue Requirement | \$1,763,788 | \$1,102,188 | \$681,580 | 259,736 | \$401,853 | |
| Capital Revenue Requirement | 3,031,740 | 1,702,739 | 1,329,002 | 521,758 | 807,243 | |
| Total Revenue Requirement | \$4,795,528 | \$2,804,937 | \$1,990,591 | 781,495 | \$1,209,097 | |
| Subsidy to Districts | | \$232,579 | (\$232,579) | 342,194 | (\$74,773) | |
| Net Revenue Requirement | \$4,795,528 | \$3,037,516 | \$1,758,012 | 1,123,689 | \$634,323 | |
| | Minimum Bills or CCF Sold | Current Rates | Revenue Generated | Revised Rates (c) | Percent Increase | Revenue Generated |
| Water Districts (d) | 328,665 | \$0.98 | \$315,518 | \$1.93 | 101% | \$634,323 |
| Inside City | | | | | | |
| Block 1 (0-1 CCF) | 79,144 | \$2.73 | \$216,064 | \$5.32 | 95% | \$421,048 |
| Block 2 (>1-5 CCF) | 230,589 | \$1.99 | 458,871 | \$3.88 | 95% | \$894,683 |
| Block 3 (>5-20 CCF) | 160,273 | \$1.88 | 301,312 | \$3.67 | 95% | \$588,200 |
| Block 4 (>20-170 CCF) | 127,266 | \$1.77 | 225,281 | \$3.46 | 95% | \$440,341 |
| Block 5 (>170-3500 CCF) | 195,668 | \$1.37 | 268,065 | \$2.68 | 96% | \$524,390 |
| Block 6 (>3500 CCF) | 105,881 | \$0.85 | 89,999 | \$1.66 | 95% | \$175,762 |
| Total | 898,821 | \$1.74 | \$1,559,573 | \$3.39 | | \$3,044,425 |
| Net Inside City Revenue Requirement | | | \$3,037,516 | | | \$3,037,516 |
| Inside City Surplus (Shortfall) | | | (\$1,477,943) | | | \$6,910 |
| Outside City Retail | | | | | | |
| Block 1 (0-1 CCF) | 21,029 | \$3.53 | \$74,231 | \$7.79 | 121% | \$163,813 |
| Block 2 (>1-5 CCF) | 61,267 | \$2.62 | 160,521 | \$5.78 | 121% | 354,126 |
| Block 3 (>5-20 CCF) | 42,584 | \$2.45 | 104,332 | \$5.40 | 120% | 229,956 |
| Block 4 (>20-170 CCF) | 33,815 | \$2.33 | 78,788 | \$5.14 | 121% | 173,808 |
| Block 5 (>170-3500 CCF) | 51,989 | \$1.77 | 92,021 | \$3.90 | 120% | 202,757 |
| Block 6 (>3500 CCF) | 0 | \$1.25 | 0 | \$2.75 | 120% | 0 |
| Total | 210,684 | \$2.42 | \$509,893 | \$5.34 | | \$1,124,481 |
| Net Outside City Retail Revenue Requirement | | | \$1,758,012 | | | \$1,123,689 |
| Outside City Surplus (Shortfall) | | | (\$1,248,120) | | | \$772 |
| Outside/Inside Differential by Rate | | 1.29 | | 1.46 | | |
| Outside/Inside Differential by Average Unit Cost | | 1.39 | | 1.58 | | |
| Total Retail | 1,109,505 | | \$2,069,466 | | | \$4,168,886 |
| Percent Retail Increase in Revenue Generated | | | | | | 101.45% |
| Total Rate Revenue | | | | | | \$4,803,209 |

- a. Option 2 holds rate ratios constant with current rates except that outside-city rates are set only to recover capital costs determined on a utility basis.
b. From Table B-18.
c. All rates are rounded off to the nearest penny.
d. According to WMU's contracts, Water District rates may increase by the percentage of the average retail rate increase.

Table B-22
Winchester Municipal Utilities
Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential
FY 1999

| Unit O&M Cost of Service | Total | Cost of Service Functions | | | |
|----------------------------------|-------------|---------------------------|----------------|--------------|------------------|
| | | Base | Extra Capacity | | Customer Service |
| | | | Maximum Day | Maximum Hour | |
| Net O&M Revenue Requirements (a) | \$1,763,788 | \$809,242 | \$423,642 | \$118,218 | \$412,686 |
| Basis of Allocation | | | | | |
| Residential | | CCF | CCF | CCF | |
| Apartments & Multi Units | | CCF | CCF | CCF | |
| Commercial | | CCF | CCF | CCF | |
| Industrial | | CCF | CCF | CCF | |
| Water Districts | | CCF | CCF | CCF | EqM |
| Retail | | N/A | N/A | N/A | EqM |
| Fire Service | | N/A | N/A | N/A | N/A |
| Units of Service By Class (b) | | CCF/Day (c) | | | EqM/Mo |
| Single Family Residential | | 1,403 | 2,105 | 4,210 | |
| Apartments & Multi Units | | 250 | 375 | 751 | |
| Commercial | | 499 | 499 | 1,122 | |
| Industrial | | 874 | 437 | 874 | |
| Water Districts | | 900 | 1,126 | 2,478 | 158 |
| Retail | | | | | 11,437 |
| Private Fire Service | | N/A | N/A | N/A | 0 |
| Total units | | 3,927 | 4,542 | 9,433 | 11,593 |
| Total mgd | | 3.93 | 4.54 | 9.43 | |
| Average Unit Costs/Yr (c) | | \$206.07 | \$93.28 | \$12.53 | \$35.60 |
| Costs Allocated To Classes (d) | | \$/CCF/Day | | | \$/EqM/Mo |
| Single Family Residential | | \$289,186 | \$196,350 | \$52,760 | |
| Apartments & Multi Units | | 51,573 | 35,017 | 9,409 | |
| Commercial | | 102,748 | 46,609 | 14,059 | |
| Industrial | | 180,183 | 40,780 | 10,958 | |
| Water Districts | | 185,552 | 104,987 | 31,032 | 6,554 |
| Retail | | N/A | N/A | N/A | 407,133 |
| Fire Service | | 0 | 0 | 0 | 0 |
| Total | \$1,763,788 | \$809,242 | \$423,642 | \$118,218 | \$412,686 |
| Unit O&M Costs (e) | | Total/CCF | \$/CCF | \$/CCF | \$/EqM/Mo |
| Single Family Residential | | \$1.0509 | \$0.5646 | \$0.3833 | \$0.1030 |
| Apartments & Multi Units | | \$1.0509 | \$0.5648 | \$0.3833 | \$0.1030 |
| Commercial | | \$0.8974 | \$0.5646 | \$0.2555 | \$0.0773 |
| Industrial | | \$0.7257 | \$0.5646 | \$0.1278 | \$0.0343 |
| Water Districts | | \$0.9784 | \$0.5646 | \$0.3194 | \$0.0944 |
| Retail | | N/A | N/A | N/A | \$2.9666 |
| Fire Service | | N/A | N/A | N/A | \$2.9666 |

Table B-22 (continued)
Winchester Municipal Utilities
Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential
FY 1999

| Inside City Unit Capital Cost of Service | Total | Cost of Service Functions | | | Customer Service |
|---|-------------|---------------------------|----------------|-----------------|----------------------------|
| | | Base | Extra Capacity | | |
| | | | Maximum Day | Maximum Hour | |
| Net Capital Revenue Requirements (f) | \$1,702,739 | \$901,478 | \$540,887 | \$251,238 | \$9,138 |
| Basis of Allocation | | | | | |
| Residential | | CCF | CCF | CCF | N/A Eq Meters NA |
| Apartments & Multi Units | | CCF | CCF | CCF | |
| Commercial | | CCF | CCF | CCF | |
| Industrial | | CCF | CCF | CCF | |
| Water Districts | | N/A | N/A | N/A | |
| Retail | | N/A | N/A | N/A | |
| Fire Service | | N/A | N/A | N/A | |
| Units of Service By Class (b) | | CCF/Day (c) | | | EqMo/Mo |
| Single Family Residential | | 951 | 1,428 | 2,852 | N/A 8,968 0 8,968 |
| Apartments & Multi Units | | 248 | 372 | 745 | |
| Commercial | | 391 | 391 | 880 | |
| Industrial | | 860 | 430 | 860 | |
| Water Districts | | N/A | N/A | N/A | |
| Retail | | N/A | N/A | N/A | |
| Private Fire Service | | N/A | N/A | N/A | |
| Total units | | 2,450 | 2,620 | 5,337 | |
| Total mgd | | 2.45 | 2.62 | 5.34 | |
| Average Unit Costs/Yr (c) | | \$/CCF/day | | | \$/EqM/Yr |
| | | \$367.94 | \$206.47 | \$47.07 | \$1.02 |
| Costs Allocated To Classes (d) | | | | | |
| Single Family Residential | | \$349,842 | \$294,463 | \$134,268 | \$0 |
| Apartments & Multi Units | | 91,384 | 76,901 | 35,065 | 0 |
| Commercial | | 143,943 | 80,771 | 41,433 | 0 |
| Industrial | | 316,330 | 88,752 | 40,469 | 0 |
| Water Districts | | 0 | 0 | 0 | 0 |
| Retail | | 0 | 0 | 0 | 9,138 |
| Fire Service | | 0 | 0 | 0 | 0 |
| Total | \$1,702,739 | \$901,478 | \$540,887 | \$251,238 | \$9,138 |
| Unit O&M Costs (e) | | Total UCCF | \$/CCF | \$/CCF | \$/EqM/Mo |
| Single Family Residential | | \$2.2434 | \$1.0081 | \$0.8485 | \$0.3869 |
| Apartments & Multi Units | | \$2.2434 | \$1.0081 | \$0.8485 | \$0.3869 |
| Commercial | | \$1.8639 | \$1.0081 | \$0.5657 | \$0.2902 |
| Industrial | | \$1.4199 | \$1.0081 | \$0.2828 | \$0.1290 |
| Water Districts | | N/A | N/A | N/A | N/A |
| Retail | | N/A | N/A | N/A | \$0.0849 |
| Fire Service | | N/A | N/A | N/A | N/A |

Table B-22 (continued)
Winchester Municipal Utilities
Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential
FY 1999

| FY 1989 | | | | | |
|--|--------------------|---------------------------|------------------|------------------|---------------------|
| Outside City Unit Capital Cost of Service | Total | Cost of Service Functions | | | Customer Service |
| | | Base | Extra Capacity | | |
| | | | Maximum Day | Maximum Hour | |
| Capital Revenue Requirements (f) | \$1,329,002 | \$699,150 | \$419,490 | \$199,991 | \$10,371 |
| Basis of Allocation | | | | | |
| Residential | | CCF | CCF | CCF | |
| Apartments & Multi Units | | CCF | CCF | CCF | |
| Commercial | | CCF | CCF | CCF | |
| Industrial | | CCF | CCF | CCF | |
| Water Districts | | CCF | CCF | CCF | |
| Retail | | | | | EqM |
| Fire Service | | | | | EqM NA |
| Units of Service By Class (b) | | CCF/Day (c) | | | EqM/Mos |
| Single Family Residential | | 453 | 679 | 1,358 | |
| Apartments & Multi Units | | 2 | 3 | 6 | |
| Commercial | | 107 | 107 | 242 | |
| Industrial | | 15 | 7 | 15 | |
| Water Districts | | 900 | 1,126 | 2,476 | 156 |
| Retail | | N/A | N/A | N/A | 2,395 |
| Private Fire Service | | N/A | N/A | N/A | N/A |
| Total units | | 1,477 | 1,922 | 4,096 | 2,551 |
| Total mgd | | 1.48 | 1.92 | 4.10 | |
| Average Unit Costs/Yr (c) | | \$/CCF/day | | | \$/EqM/yr |
| | | \$473.34 | \$218.24 | \$48.82 | \$4.07 |
| Costs Allocated To Classes (d) | | | | | |
| Single Family Residential | | \$214,216 | \$148,155 | \$66,288 | \$0 |
| Apartments & Multi Units | | 931 | 644 | 288 | 0 |
| Commercial | | 50,840 | 23,441 | 11,799 | 0 |
| Industrial | | 8,944 | 1,601 | 716 | 0 |
| Water Districts | | 426,218 | 245,649 | 120,900 | 634 |
| Retail | | 0 | 0 | 0 | 8,737 |
| Fire Service | | 0 | 0 | 0 | 0 |
| Total | \$1,329,002 | \$699,150 | \$419,490 | \$199,991 | \$10,371 |
| Unit Costs (e) | | Total/CCF | \$/CCF | \$/CCF | \$/EqM/Mo |
| Single Family Residential | | \$2.5950 | \$1.2968 | \$0.8969 | \$0.4013 |
| Apartments & Multi Units | | \$2.5950 | \$1.2968 | \$0.8969 | \$0.4013 |
| Commercial | | \$2.1957 | \$1.2968 | \$0.5979 | \$0.3010 |
| Industrial | | \$1.7295 | \$1.2968 | \$0.2990 | \$0.1338 |
| Water Districts | | \$2.4121 | \$1.2968 | \$0.7474 | \$0.3879 |
| Retail | | N/A | N/A | N/A | \$0.3388 |
| Fire Service | | N/A | N/A | N/A | N/A |

Table B-22 (continued)
Winchester Municipal Utilities
Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential
FY 1998

| Option 3 | O&M | Capital | Calculated Total Rounded Up | Revenue Generated | Adjusted by 13.2% for Subsidy to Water Districts | Outside: Inside Differential | Billable Units of Service per Year | Revenue Generated |
|---|--------|---------|-----------------------------------|----------------------|--|------------------------------------|---|----------------------|
| Inside City Customer Service Charge/Bill | | | | | | | | |
| Retail | \$2.97 | \$0.08 | \$3.06 | \$329,287 | \$3.46 | | 107,610 | \$372,331 |
| Fire Service | N/A | N/A | N/A | \$0 | \$0.00 | | 0 | \$0 |
| | | | | \$329,287 | \$3.46 | | 107,610 | \$372,331 |
| Outside City Customer Service Charge/Bill | | | | | | | | |
| Water Districts | \$2.97 | \$0.34 | \$3.31 | 6,196 | \$3.75 | | 1,872 | |
| Retail | \$2.97 | \$0.34 | \$3.31 | 95,129 | \$3.75 | 1.08 | 28,740 | 107,775 |
| Fire Service | N/A | N/A | N/A | 0 | \$0.00 | N/A | 0 | 0 |
| | | | | \$101,326 | \$3.52 | | 30,612 | \$107,775 |
| Inside City Volume Charge/CCF | | | | | | | | |
| Residential | \$1.05 | \$2.24 | \$3.30 | \$1,145,243 | \$3.74 | | 347,043 | \$1,297,943 |
| Apartments & Multi Units | \$1.05 | \$2.24 | \$3.30 | 299,089 | \$3.74 | | 90,833 | 338,968 |
| Commercial | \$0.90 | \$1.86 | \$2.77 | 395,531 | \$3.14 | | 142,791 | 448,364 |
| Industrial | \$0.73 | \$1.42 | \$2.15 | 674,688 | \$2.43 | | 313,799 | 762,532 |
| | | | | \$2,514,532 | \$3.18 | | 894,267 | \$2,847,806 |
| Outside City Volume Charge/CCF | | | | | | | | |
| Residential | \$1.05 | \$2.60 | \$3.65 | \$602,931 | \$4.13 | 1.10 | 165,187 | \$682,220 |
| Apartments & Multi Units | \$1.05 | \$2.60 | \$3.65 | 2,621 | \$4.13 | 1.10 | 718 | 2,965 |
| Commercial | \$0.90 | \$2.20 | \$3.10 | 121,532 | \$3.51 | 1.12 | 39,204 | 137,606 |
| Industrial | \$0.73 | \$1.73 | \$2.46 | 13,173 | \$2.78 | 1.14 | 5,355 | 14,887 |
| | | | | \$740,257 | \$3.98 | | 210,463 | \$837,678 |
| Retail Subtotal | | | | \$3,679,204 | | | | \$4,165,569 |
| Retail Revenue Under Existing Rates | | | | \$2,069,486 | | | | \$2,069,486 |
| Retail Rate Increase, Percent | | | | 78% | | | | 101% |
| Water Districts/CCF (g) | \$0.98 | \$2.41 | \$3.40 | \$1,123,657 | \$1.9300 | | 328,685 | \$634,323 |
| Water District Rate Increase, Percent | | | | | 101% | | | |
| Total Revenue Generated | | | | \$4,802,862 | | | | \$4,799,913 |
| Revenue Requirement | | | | \$4,795,528 | | | | \$4,795,528 |
| Surplus(Shortfall) | | | | \$7,334 | | | | \$4,385 |
| Approximate Retail Subsidy to Water Districts per Year | | | | | | | | \$489,334 |
| Approximate Retail Subsidy to Water Districts per CCF | | | | | | | | \$0.44 |

a. From Table B-10.

b. CCF/Day are from Table B-3, EqMs and EqFLs are from Table B-5.

c. Revenue Requirements divided by Total Units.

d. Average Unit Costs times Units of Service by Class.

e. Costs Allocated to Classes divided by annual billable units, CCF or EqMs.

f. From Table B-18.

g. This is the rate the districts would pay on the basis of cost of service by class. Contracts, however, limit the Districts rate increases to the percentage of the retail classes. Therefore, rates are escalated from the calculated levels by the minimum percentage necessary to recover total revenue requirements.

Table B-23
Winchester Municipal Utilities
Rate Design Option 4-Declining Blocks with CSC & Revised Differential
FY 1999

| Option 4 (a) | Current Rates | EqM or CCF Sold | Revenue Generated | Revised EqM or CCF Sold | Revised Rates | Revenue Generated |
|--|---------------|-----------------|-------------------|-------------------------|---------------|-------------------|
| Customer Service Charge | | | | | | |
| Inside City | \$0.00 | 0 | \$0 | 8,968 | \$3.48 | \$372,331 |
| Outside City | \$0.00 | 0 | \$0 | 2,395 | \$3.75 | 107,775 |
| Water Districts | \$0.00 | 0 | \$0 | 156 | \$0.00 | 0 |
| | | | \$0 | | | \$480,106 |
| Inside City Retail | | | | | | |
| Block 1 (0-1 CCF) | \$2.73 | 79,144 | \$218,064 | 75,372 | \$4.75 | 358,016 |
| Block 2 (>1-5 CCF) | \$1.99 | 230,589 | 458,871 | 230,589 | \$3.46 | 797,836 |
| Block 3 (>5-20 CCF) | \$1.88 | 160,273 | 301,312 | 160,273 | \$3.27 | 524,091 |
| Block 4 (>20-170 CCF) | \$1.77 | 127,266 | 225,261 | 127,266 | \$3.08 | 391,980 |
| Block 5 (>170-3500 CCF) | \$1.37 | 195,668 | 268,065 | 195,668 | \$2.38 | 465,690 |
| Block 6 (>3500 CCF) | \$0.85 | 105,881 | 89,999 | 105,881 | \$1.48 | 156,704 |
| | | 898,821 | \$1,559,573 | 895,048 | | \$2,694,317 |
| Outside City Retail | | | | | | |
| Block 1 (0-1 CCF) | \$3.53 | 21,029 | \$74,231 | 20,026 | \$6.96 | \$139,383 |
| Block 2 (>1-5 CCF) | \$2.62 | 61,267 | \$160,521 | 61,267 | \$5.07 | \$310,626 |
| Block 3 (>5-20 CCF) | \$2.45 | 42,584 | \$104,332 | 42,584 | \$4.79 | \$203,980 |
| Block 4 (>20-170 CCF) | \$2.33 | 33,815 | \$78,788 | 33,815 | \$4.51 | \$152,504 |
| Block 5 (>170-3500 CCF) | \$1.77 | 51,989 | \$92,021 | 51,989 | \$3.49 | \$181,442 |
| Block 6 (>3500 CCF) | \$1.25 | 0 | \$0 | 0 | \$2.17 | \$0 |
| | | 210,684 | \$509,893 | 209,682 | | \$987,935 |
| Calculated Differential | 1.29 | | | | 1.46 | |
| Total Retail | | | \$2,069,466 | | | \$4,162,357 |
| Percent Increase | | | | | | 101.13% |
| Water Districts | \$0.96 | 328,685 | \$315,518 | 328,685 | \$1.93 | \$634,323 |
| | | | | | 101.04% | |
| Total | | | \$2,384,984 | | | \$4,796,681 |
| Revenue Requirement | | | | | | \$4,795,528 |
| Surplus(Shortfall) | | | | | | \$1,153 |
| Average Rate Increase | | | | | | 101.12% |
| Across the Board Volumetric Rate Increase (Decrease) Required | | | | | | 73.99% |

a. This option uses the calculated retail customer service charge from From Table B-22 (continued) and calculates the block necessary to generate total revenue requirements. Block rate relationships are held constant with current rates. The block one rate for zero bills is eliminated.

Table B-24
Winchester Municipal Utilities
Impacts on Typical Water Bills
FY 1999

| Rate Design Options | 0 CCF Residential 5/8-Inch 1 EqM | 4 CCF Residential 5/8-Inch 1 EqM | 6 CCF Average Res 5/8-Inch 1 EqM | 8 CCF Residential 5/8-Inch 1 EqM | 10 CCF Residential 5/8-Inch 1 EqM | 100 CCF Commercial 1-Inch 2.5 EqM | 10,000 CCF Industrial 4-Inch 25 EqM |
|---|--|--|--|--|---|---|---|
| Existing Inside City Rates | \$2.73 | \$8.70 | \$12.57 | \$16.33 | \$20.09 | \$180.49 | \$10,391.49 |
| Rate Design Option 1-Status Quo Declining Blocks | | | | | | | |
| Proposed | \$5.49 | \$17.49 | \$25.27 | \$32.83 | \$40.39 | \$382.99 | \$20,917.99 |
| Increase/Month | \$2.76 | \$8.79 | \$12.70 | \$16.50 | \$20.30 | \$182.50 | \$10,526.50 |
| Percent Increase | 101% | 101% | 101% | 101% | 101% | 101% | 101% |
| Rate Design Option 2-Declining Blocks with Recalculated Inside/Outside Differential | | | | | | | |
| Proposed | \$5.32 | \$16.96 | \$24.51 | \$31.85 | \$39.19 | \$352.69 | \$20,309.29 |
| Increase/Month | \$2.59 | \$8.26 | \$11.94 | \$15.52 | \$19.10 | \$172.20 | \$9,917.80 |
| Percent Increase | 95% | 95% | 95% | 95% | 95% | 95% | 95% |
| Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential | | | | | | | |
| Proposed | \$3.46 | \$18.42 | \$25.90 | \$33.38 | \$40.86 | \$322.85 | \$24,386.50 |
| Increase/Month | \$0.73 | \$9.72 | \$13.33 | \$17.05 | \$20.77 | \$142.16 | \$13,995.01 |
| Percent Increase | 27% | 112% | 106% | 104% | 103% | 79% | 135% |
| Rate Design Option 4-Declining Blocks with CSC & Revised Differential | | | | | | | |
| Proposed | \$3.46 | \$18.59 | \$25.32 | \$31.86 | \$38.40 | \$337.89 | \$18,161.54 |
| Increase/Month | \$0.73 | \$9.89 | \$12.75 | \$15.53 | \$18.31 | \$157.40 | \$7,770.05 |
| Percent Increase | 27% | 114% | 101% | 95% | 91% | 87% | 75% |
| Existing Outside City Rates | \$3.53 | \$11.39 | \$16.46 | \$21.36 | \$26.26 | \$237.16 | \$14,419.36 |
| Rate Design Option 1-Status Quo Declining Blocks | | | | | | | |
| Proposed | \$7.10 | \$22.91 | \$33.11 | \$42.97 | \$52.83 | \$477.33 | \$28,975.43 |
| Increase/Month | \$3.57 | \$11.52 | \$16.65 | \$21.61 | \$26.57 | \$240.17 | \$14,556.07 |
| Percent Increase | 101.13% | 101.14% | 101.15% | 101.17% | 101.18% | 101.27% | 100.85% |
| Rate Design Option 2-Declining Blocks with Recalculated Inside/Outside Differential | | | | | | | |
| Proposed | \$7.79 | \$25.13 | \$36.31 | \$47.11 | \$57.91 | \$523.11 | \$31,744.91 |
| Increase/Month | \$4.26 | \$13.74 | \$19.85 | \$25.75 | \$31.65 | \$285.95 | \$17,325.55 |
| Percent Increase | 120.68% | 120.63% | 120.60% | 120.55% | 120.53% | 120.57% | 120.15% |
| Rate Design Option 3-Flat Rates by Class with Customer Service Charge & Revised Differential | | | | | | | |
| Proposed | \$3.75 | \$20.27 | \$28.53 | \$36.79 | \$45.05 | \$360.38 | \$27,893.75 |
| Increase/Month | \$0.22 | \$8.88 | \$12.07 | \$15.43 | \$18.79 | \$123.22 | \$13,474.39 |
| Percent Increase | 6.23% | 77.96% | 73.33% | 72.24% | 71.55% | 51.95% | 93.45% |
| Rate Design Option 4-Declining Blocks with CSC & Revised Differential | | | | | | | |
| Proposed | \$3.75 | \$25.82 | \$35.78 | \$45.36 | \$54.94 | \$491.67 | \$26,596.04 |
| Increase/Month | \$0.22 | \$14.53 | \$19.32 | \$24.00 | \$28.68 | \$254.51 | \$12,176.68 |
| Percent Increase | 6.23% | 127.57% | 117.38% | 112.36% | 109.22% | 107.31% | 84.45% |

Table B-26
Winchester Municipal Utilities
Monthly Impacts on Water Districts
FY 1999

| Rate Design Options | 13,000 CCF ECCWD 156 EqUs | 14,000 CCF KAWC 156 EqUs | 27,000 CCF Water Districts 156 EqUs |
|---|------------------------------------|-----------------------------------|---|
| Existing Rates | \$12,480.00 | \$13,440.00 | \$25,920.00 |
| 1. Status Quo Declining Blocks | | | |
| Proposed | \$25,090.00 | \$27,020.00 | \$52,110.00 |
| Increase/Month | \$12,610.00 | \$13,580.00 | \$26,190.00 |
| Percent Increase | 101% | 101% | 101% |
| 2. Declining Blocks w/Outside Differential | | | |
| Proposed | \$25,090.00 | \$27,020.00 | \$52,110.00 |
| Increase/Month | \$12,610.00 | \$13,580.00 | \$26,190.00 |
| Percent Increase | 101% | 101% | 101% |
| 3. Flat by Class w/CSC | | | |
| Proposed | \$25,090.00 | \$27,020.00 | \$52,110.00 |
| Increase/Month | \$12,610.00 | \$13,580.00 | \$26,190.00 |
| Percent Increase | 101% | 101% | 101% |
| 4. Declining Blocks w/CSC | | | |
| Proposed | \$25,090.00 | \$27,020.00 | \$52,110.00 |
| Increase/Month | \$12,610.00 | \$13,580.00 | \$26,190.00 |
| Percent Increase | 101% | 101% | 101% |

EXHIBIT C

FOR Winchester, Kentucky
Name of Municipality

P.S.C. KY. NO. 1

Original 1 SHEET NO. 1

Winchester Municipal Utilities Commission
(Name of Municipal Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

East Clark County Water District

| | | |
|-------|--------------------|-------------------------|
| First | 100 cubic feet | \$4.37 minimum bill |
| Next | 400 cubic feet | 3.24 per 100 cubic feet |
| Next | 1,500 cubic feet | 3.03 per 100 cubic feet |
| Next | 15,000 cubic feet | 2.88 per 100 cubic feet |
| Next | 333,000 cubic feet | 2.19 per 100 cubic feet |
| Over | 350,000 cubic feet | 1.54 per 100 cubic feet |

A Water Purchase Contract between the City of Winchester (by and through its Winchester Municipal Utilities Commission) and the East Clark County Water District, entered into on the 15th day of July 1999, is on file at the Kentucky Public Service Commission. The PSC accepted the contract and made it effective on January 20, 2000.

These rates are in accordance with the aforementioned contract and will become effective for services rendered after January 1, 2005. See Order in PSC Case No. 2004-00506 issued December 17, 2004.

DATE OF ISSUE DECEMBER 1, 2004
Month / Date / Year

DATE EFFECTIVE JANUARY 1, 2005
Month / Date / Year

ISSUED BY Vivian Azueto
(Signature of Officer)

TITLE GENERAL MANAGER

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. N/A DATED N/A

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
1/1/2005
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By [Signature]
Executive Director

EXHIBIT D

East Clark County Water District

P.O. Box 112 Winchester, Kentucky 40392

859-745-1458

November 29, 2004

Executive Director
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40602

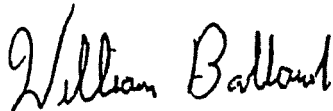
RE: Formal Application for a Purchased Water Adjustment

Enclosed please find an application for a purchased water adjustment. This application is necessary due to an increase from our supplier, Winchester Municipal Utilities.

In the application please note that the city of Winchester will not longer sell water to the district at a wholesale rate. Therefore, the district can no longer resell water to the city at a wholesale rate. The purchased water adjustment reflects that water resold to the city will be sold at retail rates. The district has met with the city regarding this issue and the city does not object to the change in billing.

Winchester has notified the District that it will not place its increased rates into effect until 30 days from the date the District files with the Commission. A copy of the notice to be published is enclosed. The District will publish the notice in accordance with Commission regulations and will provide verification that such notice has been given

Sincerely,



William Ballard
Manager

enclosure

PURCHASED WATER ADJUSTMENT FOR
WATER DISTRICTS AND ASSOCIATIONS
(807 KAR 5:068)

East Clark County Water District
(Name of Utility)

November 29, 2004
(Date)

P.O. Box 112
(Address)

Winchester, KY 40392
(City, State)

859-745-1458
(Telephone Number)

- 1.a. Name of all wholesale suppliers and the base (current) rate and changed rate of each. In the event the water purchased is billed by the supplier on a rate that is not a flat rate schedule, the entire rate schedule must be shown. Attach additional sheets if necessary.

| <u>Supplier(s)</u> | <u>Base Rate</u> | <u>Changed Rate</u> |
|---------------------------------------|------------------------------|------------------------|
| <u>Winchester Municipal Utilities</u> | <u>\$1.18 Per 100 cu ft.</u> | <u>See attachment.</u> |

- 1.b. Attached is the notice from the Winchester Municipal Utilities which has been filed with the Public Service Commission.

2. Twelve-month period upon which the purchased water adjustment is based. (This twelve-month period must end within 90 days of this filing).

From November 2003 through October 2004
(month and year) (month and year)

3. Statement of water purchases. Where water is purchased from more than one supplier, purchases from each supplier must be shown separately. If water is purchased through a declining block rate schedule, purchases for each month must be shown. Attach an additional sheet if necessary.

| Supplier(s) | Cubic Feet Purchased during 12 month period |
|---------------------------------------|--|
| <u>Winchester Municipal Utilities</u> | <u>16,994,500</u> |

4. Total cubic feet sold for the 12 month period 15,583,960

5. Increased water cost \$143,893

The increased water cost is the cost difference between purchases at base (current rate) and purchases at new rate.

6. Purchased water adjustment factor \$.47 per 1,000 gallons.

See attached worksheet for PWA calculations.

~~Note:~~ The purchased water adjustment factor is added to each thousand gallons sold. If the minimum usage is 2,000 gallons then the purchased water adjustment factor would be added to the minimum bill twice. Revised tariff sheets must be attached showing the rate to be charged by the utility and the effective date of the increased rates.

7. Proposed effective date (for service rendered on & after 11-18-04)

William Ballard
William Ballard, Manager

| EAST CLARK COUNTY WATER DISTRICT | | | | | | | | |
|----------------------------------|---------|------------|-------|-----------|----------|-----------|-----------|-------|
| COST OF PURCHASED WATER | | | | | | | | |
| CURRENT RATES | | | | | | | | |
| USAGE SHOWN IN CUBIC FEET | | | | | | | | |
| | Elkin | Paris | Ky-AM | Flanagan | Two Mile | Ecton | Hughes | Ford |
| Nov 03 | 22,000 | | | 250,800 | 7,900 | 861,600 | 414,800 | |
| Dec 03 | 20,400 | | | 177,900 | 1,000 | 683,400 | 506,500 | |
| Jan 04 | 24,600 | 19,200 | | 320,800 | 500 | 889,100 | 458,100 | |
| Feb 04 | 28,600 | 40,100 | 1,500 | 201,800 | 500 | 738,800 | 450,300 | |
| Mar 04 | 26,800 | 44,700 | 300 | 155,000 | 1,400 | 690,000 | 393,300 | |
| Apr 04 | 25,200 | 52,700 | 400 | 240,500 | 300 | 673,200 | 511,700 | |
| May 04 | 23,200 | 49,300 | 400 | 174,300 | 900 | 819,700 | 504,400 | |
| June 04 | 30,000 | 29,100 | | 213,400 | 1,200 | 786,100 | 620,400 | 200 |
| July 04 | 16,800 | 43,100 | | 133,500 | 300 | 579,700 | 458,100 | 600 |
| Aug. 04 | 16,200 | 70,100 | | 167,300 | 7,600 | 572,600 | 437,000 | 400 |
| Sept. 04 | 19,800 | 59,700 | | 307,400 | 14,200 | 563,800 | 235,000 | 400 |
| Oct 04 | 17,700 | 55,000 | | 322,700 | 20,500 | 484,000 | 202,000 | 700 |
| Total | 271,300 | 463,000 | 2,600 | 2,665,400 | 56,300 | 8,342,000 | 5,191,600 | 2,300 |
| Total Purchased | | 16,994,500 | | | | | | |
| Rate per 100 cubic feet | | \$1.18 | | | | | | |
| Cost | | \$ 200,535 | | | | | | |

| EAST CLARK COUNTY WATER DISTRICT | | | | | | | | |
|----------------------------------|-------|------------|---------|------------|--------|---------|------------|-----------|
| COST OF PURCHASED WATER | | | | | | | | |
| REVISED PURCHASED WATER RATES | | | | | | | | |
| USAGE SHOWN IN CUBIC FEET | | | | | | | | |
| | Bills | Cu. Ft. | 200 | 400 | 1,400 | 15,000 | 333,000 | 350,000 |
| First 200 | 1 | 200 | 200 | | | | | |
| Next 400 | 6 | 1,500 | 1,200 | 300 | | | | |
| Next 1,400 | 6 | 6,700 | 1,200 | 2,400 | 3,100 | | | |
| Next 15,000 | 6 | 65,300 | 1,200 | 2,400 | 8,400 | 53,300 | | |
| Next 333,000 | 35 | 3,824,200 | 7,000 | 14,000 | 49,000 | 525,000 | 3,229,200 | |
| Over 350,000 | 22 | 13,096,600 | 4,400 | 8,800 | 30,800 | 330,000 | 7,326,000 | 5,396,600 |
| Total | 76 | 16,994,500 | 15,200 | 27,900 | 91,300 | 908,300 | 10,555,200 | 5,396,600 |
| NEW COST OF PURCHASED WATER | | | | | | | | |
| | Bills | Cu. Ft. | Rate | Revenue | | | | |
| First 200 | 76 | 15,200 | \$ 4.37 | \$ 332 | | | | |
| Next 400 | | 27,900 | 3.24 | 904 | | | | |
| Next 1,400 | | 91,300 | 3.03 | 2,766 | | | | |
| Next 15,000 | | 908,300 | 2.88 | 26,159 | | | | |
| Next 333,000 | | 10,555,200 | 2.19 | 231,159 | | | | |
| Over 350,000 | | 5,396,600 | 1.54 | 83,108 | | | | |
| Total | | 16,994,500 | | \$ 344,428 | | | | |
| Cost at Current Rate | | | | 200,535 | | | | |
| Increased Cost | | | | \$ 143,893 | | | | |
| Sales in cubic feet | | 16,994,500 | | | | | | |

EAST CLARK COUNTY WATER DISTRICT

CALCULATION OF PURCHASED WATER ADJUSTMENT

| REVISED WATER RATES | |
|---------------------|-----|
| 1 | 2 |
| 3 | 4 |
| 5 | 6 |
| 7 | 8 |
| 9 | 10 |
| 11 | 12 |
| 13 | 14 |
| 15 | 16 |
| 17 | 18 |
| 19 | 20 |
| 21 | 22 |
| 23 | 24 |
| 25 | 26 |
| 27 | 28 |
| 29 | 30 |
| 31 | 32 |
| 33 | 34 |
| 35 | 36 |
| 37 | 38 |
| 39 | 40 |
| 41 | 42 |
| 43 | 44 |
| 45 | 46 |
| 47 | 48 |
| 49 | 50 |
| 51 | 52 |
| 53 | 54 |
| 55 | 56 |
| 57 | 58 |
| 59 | 60 |
| 61 | 62 |
| 63 | 64 |
| 65 | 66 |
| 67 | 68 |
| 69 | 70 |
| 71 | 72 |
| 73 | 74 |
| 75 | 76 |
| 77 | 78 |
| 79 | 80 |
| 81 | 82 |
| 83 | 84 |
| 85 | 86 |
| 87 | 88 |
| 89 | 90 |
| 91 | 92 |
| 93 | 94 |
| 95 | 96 |
| 97 | 98 |
| 99 | 100 |

[illegible]

| | Bills | Gallons | 2,000 | 8,000 | 40,000 | 50,000 |
|-------------|--------|-----------|----------|----------|---------|---------|
| First 2,000 | 5,685 | 6,937.1 | 6,937.1 | | | |
| Next 8,000 | 18,417 | 80,447.8 | 36,834.0 | 43,613.8 | | |
| Next 40,000 | 955 | 15,095.5 | 1,910.0 | 7,640.0 | 5,545.5 | |
| Over 50,000 | 37 | 3,107.8 | 74.0 | 296.0 | 1,480.0 | 1,257.8 |
| Total | 25,094 | 105,588.2 | 45,755.1 | 51,549.8 | 7,025.5 | 1,257.8 |

| | Bills | Gallons | Rate | Revenue | | |
|-------------|--------|-----------|----------|--------------|--|--|
| First 2,000 | 25,094 | 45,755.1 | \$ 24.56 | \$ 616,309 | | |
| Next 8,000 | | 51,549.8 | 10.03 | 517,044 | | |
| Next 40,000 | | 7,025.5 | 8.81 | 61,895 | | |
| Over 50,000 | | 1,257.8 | 7.59 | 9,547 | | |
| Total | | 105,588.2 | | \$ 1,204,794 | | |

| | | | | | |
|---------------------|--|--|--|--|--|
| SALES TO WINCHESTER | | | | | |
|---------------------|--|--|--|--|--|

| | Bills | Gallons | 2,000 | 8,000 | 40,000 | 50,000 |
|-------------|-------|------------|--------|---------|---------|------------|
| First 2,000 | | | | | | |
| Next 8,000 | | | | | | |
| Next 40,000 | | | | | | |
| Over 50,000 | 24 | 17,338,000 | 48,000 | 192,000 | 960,000 | 16,138,000 |

| | Bills | Gallons | Rate | Revenue | | |
|-------------|-------|------------|----------|------------|--|--|
| First 2,000 | 24 | 48,000 | \$ 24.56 | 589 | | |
| Next 8,000 | | 192,000 | 10.03 | 1,926 | | |
| Next 40,000 | | 960,000 | 8.81 | 8,458 | | |
| Over 50,000 | | 16,138,000 | 7.59 | 122,487 | | |
| Total | | 17,338,000 | | \$ 133,460 | | |

| | | | | | | |
|------------------|--|---------|--------|--------|--|--|
| Loading Stations | | 4,532.6 | \$6.25 | 28,329 | | |
|------------------|--|---------|--------|--------|--|--|

| | | | |
|---------------------------------|--------------|--|--|
| Total Revenue | \$ 1,366,583 | | |
| Revenue Before Increase in Cost | 1,222,903 | | |
| Purchased Water Cost | \$ 143,680 | | |

Purchased Water Adjustment = \$0.47 per 1,000 gallons

NOTICE

Due to a rate increase from the Winchester Municipal Utilities, the East Clark County Water District has filed an application with the Public Service Commission to implement the following rate schedule. The proposed change will affect all bills issued on and after _____.

Monthly Rates Current Rates

Proposed Rates

5/8" x 3/4" Meter

| | | | | | |
|-------|----------------|---------|-------------------|---------|-------------------|
| First | 2,000 gallons | \$23.62 | Minimum Bill | \$24.56 | Minimum Bill |
| Next | 8,000 gallons | 9.56 | per 1,000 gallons | 10.03 | per 1,000 gallons |
| Next | 40,000 gallons | 8.34 | per 1,000 gallons | 8.81 | per 1,000 gallons |
| Over | 50,000 gallons | 7.12 | per 1,000 gallons | 7.59 | per 1,000 gallons |

1" Meter

| | | | | | |
|-------|----------------|---------|-------------------|---------|-------------------|
| First | 5,000 gallons | \$52.30 | Minimum Bill | \$54.65 | Minimum Bill |
| Next | 5,000 gallons | 9.56 | per 1,000 gallons | 10.03 | per 1,000 gallons |
| Next | 40,000 gallons | 8.34 | per 1,000 gallons | 8.81 | per 1,000 gallons |
| Over | 50,000 gallons | 7.12 | per 1,000 gallons | 7.59 | per 1,000 gallons |

1 1/2" Meter

| | | | | | |
|-------|----------------|----------|-------------------|----------|-------------------|
| First | 10,000 gallons | \$100.10 | Minimum Bill | \$104.80 | Minimum Bill |
| Next | 40,000 gallons | 8.34 | per 1,000 gallons | 8.81 | per 1,000 gallons |
| Over | 50,000 gallons | 7.12 | per 1,000 gallons | 7.59 | per 1,000 gallons |

2" Meter

| | | | | | |
|-------|----------------|----------|-------------------|-----------|-------------------|
| First | 20,000 gallons | \$183.50 | Minimum Bill | \$1922.90 | Minimum Bill |
| Next | 30,000 gallons | 8.34 | per 1,000 gallons | 8.81 | per 1,000 gallons |
| Over | 50,000 gallons | 7.12 | per 1,000 gallons | 7.59 | per 1,000 gallons |

3" Meter

| | | | | | |
|-------|----------------|----------|-------------------|----------|-------------------|
| First | 30,000 gallons | \$275.00 | Minimum Bill | \$289.10 | Minimum Bill |
| Next | 20,000 gallons | 8.34 | per 1,000 gallons | 8.81 | per 1,000 gallons |
| Over | 50,000 gallons | 7.12 | per 1,000 gallons | 7.59 | per 1,000 gallons |

4" Meter

| | | | | | |
|-------|----------------|----------|-------------------|----------|-------------------|
| First | 50,000 gallons | \$441.80 | Minimum Bill | \$465.30 | Minimum Bill |
| Over | 50,000 gallons | 7.12 | per 1,000 gallons | 7.59 | per 1,000 gallons |

The bill for an average customer using 5,000 gallons each month would increase from \$52.30 to \$54.65, a monthly increase of \$2.35 or 4 percent.

The rates contained in this notice are the rates proposed by the East Clark County Water District. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

East Clark County Water District has available for inspection at its office the application submitted to the Public Service Commission. You may contact the office at (859) 745-1458

FOR Clark County
Community, Town or City

P.S.C. KY. NO. _____

Revised _____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

Original _____ SHEET NO. _____

East Clark County Water District
(Name of Utility)

RATES - ALL USERS

Rates: Monthly

5/8" x 3/4" Meter

| | | | |
|-------|----------------|---------|-------------------|
| First | 2,000 gallons | \$24.56 | Minimum Bill |
| Next | 8,000 gallons | 10.03 | per 1,000 gallons |
| Next | 40,000 gallons | 8.81 | per 1,000 gallons |
| Over | 50,000 gallons | 7.59 | per 1,000 gallons |

1" Meter

| | | | |
|-------|----------------|---------|-------------------|
| First | 5,000 gallons | \$54.65 | Minimum Bill |
| Next | 5,000 gallons | 10.03 | per 1,000 gallons |
| Next | 40,000 gallons | 8.81 | per 1,000 gallons |
| Over | 50,000 gallons | 7.59 | per 1,000 gallons |

1 1/2" Meter

| | | | |
|-------|----------------|----------|-------------------|
| First | 10,000 gallons | \$104.80 | Minimum Bill |
| Next | 40,000 gallons | 8.81 | per 1,000 gallons |
| Over | 50,000 gallons | 7.59 | per 1,000 gallons |

2" Meter

| | | | |
|-------|----------------|----------|-------------------|
| First | 20,000 gallons | \$192.90 | Minimum Bill |
| Next | 30,000 gallons | 8.81 | per 1,000 gallons |
| Over | 50,000 gallons | 7.59 | per 1,000 gallons |

3" Meter

| | | | |
|-------|----------------|----------|-------------------|
| First | 30,000 gallons | \$289.10 | Minimum Bill |
| Next | 20,000 gallons | 8.81 | per 1,000 gallons |
| Over | 50,000 gallons | 7.59 | per 1,000 gallons |

4" Meter

| | | | |
|-------|----------------|----------|-------------------|
| First | 50,000 gallons | \$465.30 | Minimum Bill |
| Over | 50,000 gallons | 7.59 | per 1,000 gallons |

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____

ISSUED BY Ked Ferris _____
Month / Date / Year
(Signature of Officer)

TITLE Chairman _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____



**Winchester
Municipal
Utilities**

P.O. Box 4177, 150 N. Main Street
Winchester, KY 40392-4177
Phone: 859 744-5434
Fax: 859 745-4146

July 9, 2004

William Ballard
East Clark County Water District
118 Hopkins Lane
P.O. Box 112
Winchester, KY 40392

Re: Rate Change

Dear Mr. Ballard:

Per Vernon Azevedo's request, this letter is in regard to the agreement entered into on July 15, 1999 between Winchester Municipal Utilities and East Clark County Water District. The Agreement directs that after five years the rate will be adjusted to the current cost of service volumetric rate. The ordained rate is a schedule based upon the amount of water used as follows:

| | |
|-------------------------------------|--------|
| Block 1 - Usage 0-100 | \$4.37 |
| Block 2 - Usage 200-500 | 3.24 |
| Block 3 - Usage 600-2000 | 3.03 |
| Block 4 - Usage 2100-17000 | 2.88 |
| Block 5 - Usage 17100-350000 | 2.19 |
| Block 6 - Usage greater than 350000 | 1.54 |

cubic feet

This rate schedule when applied to East Clark Water District's usage should result in approximately \$150,000 increase on East Clark Water District's yearly total bill. For your reference, this is the same schedule by which Kentucky American is presently being charged.

Should you have any questions, please call.

Sincerely,

Jennifer Sparks
Supervisor of Accounting and Finance

cc: V. Azevedo
File

JUL 1

EXHIBIT E

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|------------------------------------|---|---------------------|
| PURCHASED WATER ADJUSTMENT OF EAST |) | CASE NO. 2004-00455 |
| CLARK COUNTY WATER DISTRICT |) | |

O R D E R

On November 23, 2004, East Clark County Water District ("East Clark") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. East Clark purchases water from Winchester Municipal Utilities ("Winchester").
2. On November 29, 2004, East Clark filed an amended customer notice and tariff sheet that contained revisions to the proposed minimum bill amounts for 3-inch and 4-inch meters.
3. On December 1, 2004, Winchester filed notice of a proposed revision to its wholesale water service rate schedule that would revise the schedule of rates currently charged to East Clark from a flat rate of \$1.18 per 100 cubic feet to a six-step declining rate design. Winchester proposed to place this revised rate schedule in effect for all bills rendered on and after January 1, 2005. East Clark proposes to increase the water rates to its customers effective with the January 1, 2005 billing.

4. On December 17, 2004, the Commission approved Winchester's proposed wholesale rate revision for service rendered on and after January 1, 2005.¹ Pursuant to KRS 278.015, East Clark may not adjust its rates to reflect this change for service rendered before January 1, 2005.

5. During the 12 months ending October 31, 2004, East Clark purchased 16,994,500 cubic feet of water from Winchester and sold 15,583,960 cubic feet. The increase in the cost of purchased water is \$143,893, resulting in a purchased water adjustment of \$0.47 per 1,000 gallons.

6. While East Clark's amended application contains a proposed rate for service provided through a 4-inch meter, East Clark's present rate schedules do not contain a rate for service provided through a 4-inch meter. As KRS 278.015 and Administrative Regulation 807 KAR 5:068 permit only an adjustment of existing rates and not revisions to a water district's rate design or additions to a water district's existing rate schedule, East Clark's proposed rate for service received through a 4-inch meter is unlawful. If East Clark desires to add a rate for water service received through a 4-inch meter, it should follow the procedures set forth in KRS 278.180 and Administrative Regulation 807 KAR 5:011.

7. East Clark's proposed rates should be denied.

8. A purchased water adjustment of \$0.47 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. East Clark's proposed rates are denied.

¹ Case No. 2004-00506, Proposed Adjustment of Wholesale Water Service Rate of Winchester Municipal Utilities (Ky.PSC Dec. 17, 2004).

2. The purchased water adjustment of \$0.47 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for service rendered on and after January 1, 2005.

3. Within 20 days of the date of this Order, East Clark shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 22nd day of December, 2004.

By the Commission

ATTEST:


Executive Director

Case No. 2004-00455

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00455 DATED December 22, 2004

The following rates and charges are prescribed for the customers in the area served by East Clark County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8" x 3/4" Meter

| | <u>Rate</u> |
|-------------|-------------------------|
| First 2,000 | \$24.56 Minimum Bill |
| Next 8,000 | 10.03 per 1,000 gallons |
| Next 40,000 | 8.81 per 1,000 gallons |
| Over 50,000 | 7.59 per 1,000 gallons |

1" Meter

| | |
|-------------|-------------------------|
| First 5,000 | \$54.65 Minimum Bill |
| Next 5,000 | 10.03 per 1,000 gallons |
| Next 40,000 | 8.81 per 1,000 gallons |
| Over 50,000 | 7.59 per 1,000 gallons |

1 1/2" Meter

| | |
|--------------|------------------------|
| First 10,000 | \$104.80 Minimum Bill |
| Next 40,000 | 8.81 per 1,000 gallons |
| Over 50,000 | 7.59 per 1,000 gallons |

2" Meter

| | |
|--------------|------------------------|
| First 20,000 | \$192.90 Minimum Bill |
| Next 30,000 | 8.81 per 1,000 gallons |
| Over 50,000 | 7.59 per 1,000 gallons |

3" Meter

| | |
|--------------|------------------------|
| First 30,000 | \$281.00 Minimum Bill |
| Next 20,000 | 8.81 per 1,000 gallons |
| Over 50,000 | 7.59 per 1,000 gallons |

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF EAST)
CLARK COUNTY WATER DISTRICT) CASE NO. 2004-00455

O R D E R

Finding that our Order of December 22, 2004 failed to consider the rate revisions that we approved in Case No. 2004-00378,¹ which authorized the assessment of a minimum bill for 4-inch meters, the Commission HEREBY ORDERS, on its own motion, that:

1. The Order of December 22, 2004 is amended as follows:
 - a. Finding Paragraph 6 is deleted.
 - b. Finding Paragraph 7 shall read: "6. East Clark's proposed rates should be granted."
 - c. Finding Paragraph 8 shall read: "7. A purchased water adjustment of \$0.47 per 1,000 gallons is fair, just, and reasonable and should be approved."
 - d. Ordering Paragraph 1 shall read: "1. East Clark's proposed rates are approved."
 - e. The Appendix to the Order of December 22, 2004 is stricken and replaced with the Appendix to this Order.
2. All provisions of the Order of December 22, 2004 that do not conflict with the terms of this Order remain in full force and effect.

¹ Case No. 2004-00378, Application of East Clark County Water District for an Increase in Non-Recurring Charges and Tariff Revisions (Ky.PSC Dec. 22, 2004).

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2004-00455 DATED January 6, 2005

The following rates and charges are prescribed for the customers in the area served by East Clark County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

| <u>5/8" x 3/4" Meter</u> | <u>Rate</u> |
|--------------------------|-------------------------|
| First 2,000 | \$24.56 Minimum Bill |
| Next 8,000 | 10.03 per 1,000 gallons |
| Next 40,000 | 8.81 per 1,000 gallons |
| Over 50,000 | 7.59 per 1,000 gallons |
| <u>1" Meter</u> | |
| First 5,000 | \$54.65 Minimum Bill |
| Next 5,000 | 10.03 per 1,000 gallons |
| Next 40,000 | 8.81 per 1,000 gallons |
| Over 50,000 | 7.59 per 1,000 gallons |
| <u>1 1/2" Meter</u> | |
| First 10,000 | \$104.80 Minimum Bill |
| Next 40,000 | 8.81 per 1,000 gallons |
| Over 50,000 | 7.59 per 1,000 gallons |
| <u>2" Meter</u> | |
| First 20,000 | \$192.90 Minimum Bill |
| Next 30,000 | 8.81 per 1,000 gallons |
| Over 50,000 | 7.59 per 1,000 gallons |
| <u>3" Meter</u> | |
| First 30,000 | \$281.00 Minimum Bill |
| Next 20,000 | 8.81 per 1,000 gallons |
| Over 50,000 | 7.59 per 1,000 gallons |
| <u>4" Meter</u> | |
| First 50,000 | \$457.20 Minimum Bill |
| Over 50,000 | 7.59 per 1,000 gallons |

EXHIBIT F

East Clark County Water District

P.O. Box 112 Winchester, Kentucky 40392

859-745-1458

June 5, 2005

Executive Director
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40602

RE: Correction to Tariff Sheet

Enclosed please find a correction to East Clark County Water District's tariff. In Case No. 2004-00455, the Commission granted East Clark an increase in rates due to an increase from its supplier, the City of Winchester. In that case, East Clark proposed that it be allowed to charge Winchester in accordance with its retail rate schedule. The proposed rates were approved for service rendered on and after January 1, 2005.

Due to an oversight, East Clark did not revise Original Sheet No. 8 which states the wholesale rates to Winchester Municipal Utilities will be, "\$2.03 per 1,000 gallons." In accordance with the Commission's Order in Case No. 2004-00455, East Clark is filing a Revised Sheet No. 8, which states that East Clark does not have a wholesale rate. Also in accordance with the Commission's Order approving the rates, the effective date for the revised sheet is January 1, 2005.

Should you have any questions feel free to contact me.

Sincerely,



William Ballard
Manager

Cc: Winchester Municipal Utilities
enclosure

FOR East Clark County Kentucky
Community, Town or City

P.S.C. KY. NO. 1

1st Revised SHEET NO. 8

East Clark County Water District
(Name of Utility)

CANCELING P.S.C. KY. NO. 1

Original SHEET NO. 8

CONTENTS

TABLE OF CONTENTS

E. PURCHASED WATER RATES:

See Contract on file with Winchester Municipal Utilities

F. LEAK ADJUSTMENTS:

Refer to Section 2 (W).

G. WHOLESALE WATER RATES:

East Clark does not have a wholesale water rate. The City of Winchester is charged the same rate as East Clark's retail customers.

BULK SALES

\$6.25 per 1,000 Gallons

H. FIRE SPRINKLER SYSTEM RATES: The District does not charge for fire protection at this time.

DATE OF ISSUE June 6, 2005
Month / Date / Year

DATE EFFECTIVE January 1, 2005
Month / Date / Year

ISSUED BY Fred Farrer
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. 2004-00455 DATED 22 Dec. 2004

EXHIBIT G

LAW OFFICES OF
WHITE, McCANN & STEWART, PLLC
CODELL BUILDING
125 SOUTH MAIN STREET
P.O. BOX 578
WINCHESTER, KENTUCKY 40392-0578

JOHN H. ROMPF, JR.
jhrumpf@winchester-law.com

DAVID M. WARD
dward@winchester-law.com

NANCI M. HOUSE
nhouse@winchester-law.com

BEVERLY WHITE
(1909-1996)
MARSHALL McCANN, JR.
(1927-1974)
JAMES B. STEWART
(1928-1992)
TELEPHONE (859) 744-2551
FAX (859) 744-2583

June 17, 2005

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

Re: Objection to Corrected Tariff Sheet Filed
by East Clark County Water District
Case No. 2004-00455

Dear Ms. O'Donnell:

My client, Winchester Municipal Utilities (hereinafter "WMU"), has received a copy of a letter dated June 5, 2005, from East Clark County Water District (hereinafter "ECCWD") relative to a "correction to East Clark County Water District's tariff" insofar as it relates to the wholesale rates to WMU (See Exhibit 1 hereto). As the Public Service Commission (hereinafter "Commission") is aware, there is a Water Purchase Agreement between WMU and ECCWD dated July 15, 1999, a copy of which is attached hereto as Exhibit 2 (hereinafter "Contract"). The Contract was accepted by the Commission on January 20, 2000 in Contract Filing No. C60-1592 (See copy of March 1, 2000 letter attached hereto as Exhibit 3).

The proposed correction by ECCWD is an attempt to unilaterally modify the terms of the Contract.

Moreover, no prior notice was received by WMU of ECCWD's attempt to eliminate its wholesale rate to WMU in Case No. 2004-00455. At no time did WMU consent to the abolishment of its wholesale rate, or the modification of the Contract mentioned above.

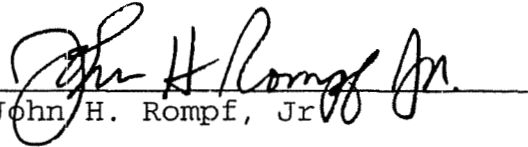
WMU was informed in November 2004 that ECCWD intended to file a new rate tariff for its retail customers, and in fact WMU delayed its filing of its revised tariff to implement the contractual increases provided in the Contract until such a time as ECCWD had an opportunity to file and have approved a new tariff to pass along its contractual rate increases to its retail customers. This ECCWD revised tariff was approved by the Commission in Case No. 2004-00455 by Orders entered December 22, 2004 and January 6, 2005 (See Exhibit 4 hereto).

Ms. Beth O'Donnell
June 17, 2005
Page 2

WMU respectfully requests the Commission to deny the June 5, 2005 filing of the "correction to East Clark County Water District's tariff" which in effect is in direct violation with the Contract previously approved by the Commission in Contract Filing C60-1592 (Exhibit 3), and objects to the attempted revisions of the ECCWD rate tariff applicable to WMU.

Very truly yours,

WHITE, McCANN & STEWART, PLLC

BY 
John H. Rompf, Jr.

JHR/slp

Enclosures

cc: Hon. C. Kent Hatfield ✓
Counsel for East Clark County Water District
Mr. Vernon Azevedo

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